

- 1) Amend Section 22-071.12 to read:
- 2) Amend Section 22-071.12(QR) to read:

22-071 ADEQUATE NOTICE

22-071

.1 Except as provided in Section 22-071.2, the county shall give the claimant adequate notice as defined in Section 22-001a.(1) in the following instances: (Continued)

.12 Section 22-071.12(MR) shall become inoperative and Section 22-071.12(QR) shall become operative in a county on the date Quarterly Reporting/Prospective Budgeting (QR/PB) becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When aid is denied, decreased, suspended, cancelled, discontinued, or terminated.

(QR) When aid is denied, decreased, not changed following a recipient mid-quarter report, cancelled, or discontinued. When aid is not changed due to a voluntary recipient mid-quarter report, the notice shall be sent as soon as administratively possible but no later than thirty days from the date the voluntary report is made. (Continued)

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 10613, 11209, 11265.2, 11265.3, and 11511(a), Welfare and Institutions Code; and 45 CFR 255.4(j)(1) and 256.4(b).

Amend Section 22-072.2 to read:

22-072 TIMELY NOTICE - AID PENDING HEARING (Continued)

22-072

.2 Timely notice shall not be required in the following instances, although the county shall send adequate notice no later than the effective date of the action: (Continued)

(j) Section 22-072.2(j)(MR) shall become inoperative and Section 22-072.2(j)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The county receives a complete Monthly Eligibility Report (CA 7) after the eleventh calendar day of the report month and the county's action to discontinue or decrease aid is a result of the information on the CA 7 or the recipient's failure to submit a timely or complete report of earnings without good cause as specified in Section 40-181.23(MR).

(QR) The county receives a complete Quarterly Eligibility Report (QR 7) after the eleventh calendar day of the QR Submit Month and the county's action to discontinue or decrease aid is a result of the information on the QR 7 or the recipient's failure to submit a timely or complete report of earnings without good cause as specified in Section 40-181.23(QR).

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(1) Subsection (j) is enjoined by the injunction in Saldivar v. McMahan.

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(k) (Continued)

(l) Section 22-072.2(l)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) The county determines there will be no change in a recipient's cash aid as a result of a recipient mid-quarter report.

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 10613, 11209, 11265.1, 11501.1(a), 11501.5(a), and 11511(a), Welfare and Institutions Code; 45 CFR 205.10; 45 CFR 255.2(h)(2); 45 CFR 256.2(c); and 45 CFR 256.4(d).

- 1) Amend Handbook Section 22-305.422(a) et seq. to read:
- 2) Amend Handbook Sections 22-305.422(a)(1)(QR) and (2)(QR) to read:

22-305 GENERAL PROVISIONS (Continued)

22-305

.4 Definitions

The definitions in Section 22-001 shall apply unless they are specifically provided for in this chapter. The following additional definitions, in alphabetical order, shall apply wherever the terms are used in this chapter: (Continued)

.42 Intentional Program Violation (IPV) - Means an action by an individual, for the purpose of establishing or maintaining the family's eligibility for AFDC or for increasing or preventing a reduction in the amount of the grant, which is intentionally: (Continued)

.422 Any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

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(a) To determine what constitutes an IPV, CDSS recognizes a distinction in the following:

(1) Handbook Section 22-305.422(a)(1)(MR) shall become inoperative and Handbook Section 22-305.422(a)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

Intentional concealment or willful misrepresentation which may result in an IPV.

(MR) EXAMPLE: In completing the Monthly Eligibility Report (CA 7), respondent checks the box indicating family has no income. Respondent also checks box indicating that no one had started employment that month. County evidence indicates respondent did start work during the month it was reported that no one had started work. Respondent also did receive earnings in each of the months under review.

(QR) EXAMPLE: In completing the Quarterly Eligibility Report (QR 7), respondent checks the box indicating the family has no income. Respondent also checks box indicating that no one had started employment in the ~~Data Month~~ QR 7 Reporting Period. County evidence indicates respondent did start work during the

QR Data Month, but it was reported that no one had started work. Respondent also did receive earnings in each of the months under review.

- (2) Handbook Section 22-305.422(a)(2)(MR) shall become inoperative and Handbook Section 22-305.422(a)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

Incorrect representation, negligence, or omissions because of a mistake or a lack of understanding of eligibility requirements which do not result in an IPV.

- (MR) EXAMPLE: Respondent reports that he/she began employment the last week of the reporting month, and that he/she will be paid every two weeks. Respondent completes the next CA 7 and checks the: "No" box for income received in the month.

- (QR) EXAMPLE: Respondent reports on the QR 7 that he/she began employment the last week of the Data Month, and that he/she will be paid every two weeks. Respondent completes ~~the next a~~ subsequent QR 7 and checks the "No" box for income received in the month.

- (3) Handbook Section 22-305.422(a)(3)(MR) shall become inoperative and Handbook Section 22-305.422(a)(3)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

The CWD's omission, neglect, or error in explaining requirements for assistance or in processing information, which does not result in an IPV.

- (MR) EXAMPLE: Respondent completes CA 7 without answering question relating to household's receipt of income during the month. Respondent does this for five months and CWD fails to return the CA 7 as incomplete. Evidence establishes respondent had income in each of these months.

- (QR) EXAMPLE: Respondent completes QR 7 without answering question relating to household's receipt of income during the Data Month. Respondent does this for two quarters and the county fails to return the QR 7 as incomplete. Evidence establishes respondent had income during the Data Month.

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Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11265.1, 11265.2, and 11265.3, Welfare and Institutions Code; and 45 CFR 235.112(b) and .113(b)(2).

Adopt new Section 40-036 to read:

40-036 IMPLEMENTATION OF QUARTERLY REPORTING PROSPECTIVE 40-036
BUDGETING FOR CalWORKs RECIPIENTS

- .1 Effective Date All regulatory action implementing the provisions of Quarterly Reporting/Prospective Budgeting (QR/PB) as authorized by Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002), AB 692 (Chapter 1024, Statutes of 2002), and AB 1402 (Chapter 398, Statutes of 2003) shall become effective for recipient cases upon Quarterly Reporting becoming operative in the county in which they reside pursuant to the Director's QR/PB Declaration. Quarterly Reporting regulations include a unique regulation design which include a tandem format for the operation of both monthly and quarterly reporting systems to account for the staggered implementation dates. Regulations that become obsolete under Quarterly Reporting, are labeled as (MR). Regulations that are operative under Quarterly Reporting are labeled (QR). Regulations not labeled are applicable to both reporting systems and therefore remain unchanged. In addition, each regulation impacted by QR includes a disclaimer stating QR regulations will replace the MR regulations once QR is implemented by the county.
- .2 Divisions Impacted by Quarterly Reporting Division 22, 40, 42, 44, 47, 48, 80, 82, and 89.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code; and Section 71, Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002), as amended by Section 3, AB 1402 (Chapter 398, Statutes of 2003).

Reference: Sections 11265.1, 11265.2, and 11265.3, Welfare and Institutions Code; Section 70, AB 444 (Chapter 1022, Statutes of 2002); and Section 71, AB 444 (Chapter 1022, Statutes of 2002), as amended by Section 3, AB 1402 (Chapter 398, Statutes of 2003).

- 1) Amend Section 40-105.14 and Handbook Section 40-105.222(b) to read:
- 2) Amend Sections 40-105.4(h) and .5(g) to read:

40-105 APPLICANT AND RECIPIENT RESPONSIBILITY

40-105

.1 Assuming Responsibility Within His/Her Capabilities (Continued)

.14 Section 40-105.14(MR) shall become inoperative and Section 40-105.14(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Reporting, within five calendar days of the occurrence, any change in any of these facts (see Sections 40-181.14(e)(1)(MR) and 44-315.71).

(QR) Applicants shall report within five calendar days of the occurrence, any change in any of these facts (see Section 40-181.1(e)(1)(QR)) and recipients shall report within ten calendar days of the occurrence, any change required to be reported during the quarter (see Section 44-316(QR)). (Continued)

.2 Social Security Number (SSN) (Continued)

.22 (Continued)

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.222 (Continued)

(b) Handbook Section 40-105.222(b)(MR) shall become inoperative and Handbook Section 40-105.222(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example: Mother gave birth on May 8, but was not released from the hospital until May 20. She reported the birth of the child on the May CA 7 requesting that the child be added to her grant. The time period to apply for an SSN for the child and submit verification of a completed application to the CWD begins on May 21 and ends on June 30.

(QR) Example: Mother gave birth on May 8, but was not released from the hospital until May 20. She reported the birth of the child in May requesting that the child be added to her grant. The time period to apply for an SSN for the child and submit verification of a completed application to the county begins on May 21 and ends on June 30.
(Continued)

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.4 Immunization Requirements (Continued)

- (h) Section 40-105.4(h)(MR) shall become inoperative and Section 40-105.4(h)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

Restoration of Aid

- (MR) Once verification of immunization is submitted the grant is increased to reflect the needs of the parent(s)/caretaker relative effective the first of the month in which verification is received.

- (QR) Once verification of immunization is submitted the grant is increased to reflect the needs of the parent(s)/caretaker relative effective the first of the month following the month in which verification is received (see Section 44-316.331(d)(QR)).
(Continued)

.5 School Attendance Requirements (Continued)

- (g) Section 40-105.5(g)(MR) shall become inoperative and Section 40-105.5(g)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

Restoration of Aid

- (MR) The needs of the parent(s)/caretaker relative or child(ren) shall be restored effective the first of the month in which verification of regular school attendance is received.

- (QR) The needs of the parent(s)/caretaker relative or child(ren) shall be restored effective the first of the month following the month in which verification of regular school attendance is received (See Section 44-316.331(d)(QR)).

Authority Cited: Sections 10553, 10554, 10604, 11209, 11253.5, and 11265.8, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 10604, 11209, 11253.5, 11265.2, 11265.3, 11265.8, 11266, 11268, 11450.5, and 11486, Welfare and Institutions Code; Section 48200, Education Code; 45 CFR 205.42(d)(2)(v)(A) and (B), as printed in Federal Register, Vol. 57, No. 198, Tuesday, October 13, 1992, page 46808; 45 CFR 205.52(a)(1) and (2); 45 CFR 233.10(a)(1)(iv) and 235.112(b); 7 CFR 273.16(b); 42 U.S.C. 402(a)(6) and 616(b); and Section 301(a)(1)(A) and (B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193): California's Temporary Assistance for Needy Families State Plan dated October 9, 1996 and effective November 26, 1996.

Amend Section 40-107 to read:

(a) Assisting the Applicant (Continued)

(1) (Continued)

(A) (Continued)

(B) (Continued)

(2) All forms pertaining to (a)(1) and (a)(1)(A) above shall be available for the applicant to complete at the initial interview when the CA 2.1 is completed, but need not be completed prior to granting emergency aid.

(3) Section 40-107(a)(3)(MR) and Handbook Section 40-107(a)(3)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The applicant shall be informed of the availability of reduced income supplemental payments and of the necessity that an assistance unit request the payments in order for them to be provided.

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(MR) (See Section 44-400 regarding reduced income supplemental payments.)

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(4) (Continued)

(A) (Continued)

1. (Continued)

2. (Continued)

3. (Continued)

(B) The recipient shall be informed, by a notice of action, at redetermination of aid. The notice shall include information as required in MPP Section 40-107(a)(4)(A).

(C) (Continued)

1. A notice of action which meets the requirements in MPP Section 42-107(a)(4)(C)1.
 2. (Continued)
- (D) (Continued)
1. A notice of action pursuant to MPP Section 40-107(a)(4)(A), (a)(4)(B), or (a)(4)(C)1. satisfies this requirement.
 2. Once the notice of action required in MPP Section 40-107(a)(4)(D) is sent, no further notice of action, pursuant to MPP Sections 40-107(a)(4)(A) through (a)(4)(D), shall be required until a total of six exempt months have passed.
- (E) No notice pursuant to MPP Sections 40-107(a)(4)(A) through (a)(4)(F) need be sent under the following circumstances:
1. Within 3 calendar months from a previous notice of action, pursuant to MPP Sections 40-107(a)(4)(A) through 40-107(a)(4)(D), was provided.
 2. (Continued)
- (F) (Continued)
1. (Continued)
 2. The specific months that were exempt from the 60-month time limit since the most recent notification (pursuant to MPP Sections 40-107(a)(4)(A), 40-107(a)(4)(B), 40-107(a)(4)(C)1. or 40-107(a)(4)(D)),
 3. (Continued)
- (G) (Continued)
1. Information in accordance with Section 40-107(a)(4)(A).
 2. (Continued)
- (H) After the 60-month time limit notice of action, an adult who has reached the CalWORKs 60-month time limit and whose children remain on aid, shall be informed by notice of action pursuant to MPP Section 40-107(a)(4)(B) when child support or overpayment recoupment reimburses any month(s) on aid.

(See MPP Section 42-302.21(g) for reimbursement of aid through child support recoupment and MPP Section 42-302.2 for overpayment months that are repaid.)

- (I) After the 60-month time limit notice of action, an adult who has reached the CalWORKs 60-month time limit and whose children are no longer aided, shall be informed pursuant to MPP Sections 40-107(a)(4)(A) and (a)(4)(F).

(5) (Continued)

(A) (Continued)

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(B) (Continued)

(C) (Continued)

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(6) Informational materials required by DSS shall either be given to applicants during the application interview or mailed with Notice of Action forms approving or restoring AFDC grants or Certifications for Medical Assistance (see 40-171(b)(1)).

(A) (Continued)

(B) (Continued)

(C) (Continued)

(D) (Continued)

(7) (Continued)

(A) (Continued)

(B) (Continued)

(C) When an SSN card or other acceptable evidence is not available, the county shall accept the furnished SSN pending verification of the number through IEVS in accordance with (g)(2) of this section.

(D) (Continued)

(E) (Continued)

(F) (Continued)

- (8) (Continued)
- (9) (Continued)
 - (A) (Continued)
 - (B) Recipients, at redetermination, but not later than 30 days after being informed in accordance with Section 40-107(a)(6).
- (b) (Continued)
 - (1) (Continued)
 - (2) (Continued)
- (c) (Continued)
 - (1) (Continued)
 - (2) (Continued)
- (d) (Continued)
- (e) (Continued)
- (f) (Continued)
 - (1) (Continued)
 - (A) (Continued)
 - (B) (Continued)
 - (2) (Continued)
 - (A) (Continued)
 - 1. (Continued)
 - 2. (Continued)
 - (B) (Continued)
 - (C) (Continued)
- (g) (Continued)

- (1) (Continued)
 - (A) (Continued)
 - (B) (Continued)
 - (C) (Continued)
 - (D) (Continued)
 - (E) (Continued)
 - 1. (Continued)
 - 2. (Continued)
 - (F) (Continued)
 - (G) (Continued)
 - (H) (Continued)
- (2) (Continued)
- (3) (Continued)
 - (A) (Continued)
- (4) (Continued)
- (h) (Continued)
- (i) (Continued)
- (QR) (j) Section 40-107(j)(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

Establishing the Quarterly Reporting Cycle

Applicants shall be assigned a specific Quarterly Reporting (QR) cycle using the application date, the terminal digit of the case number, or other method determined by the county. To the extent possible, the county should align the CalWORKs annual redetermination of eligibility with the Food Stamp certification period and should also align the redetermination/recertification with the month the QR 7 is due (QR Submit Month). The county shall provide the QR 7 at the end of each QR Data Month, but no

later than the first day of each QR Submit Month. The county must provide the recipient with a written notice that will include:

- (QR) (1) The AU’s individual QR cycle,
- (QR) (2) The month in which the initial QR 7 and subsequent QR 7s are due, and
- (QR) (3) The QR Data Month they will be responsible for reporting information.

(QR) (A) Quarterly Reporting Cycle Based on Application Date

The county shall establish three QR cycles, each comprised of four QR Payment Quarters (see Section 40-103.5(QR)). The county shall assign the applicant to one of these cycles based on the month of application. The month of application shall be considered the first month of the QR Payment Quarter regardless of whether cash aid is issued in that month.

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This model requires CWDs to consider a client’s application month as the first month of the QR Payment Quarter. This month will begin the QR cycle for the new reporting system. Clients will be assigned to one of three cycles, based on their application date. For purposes of discussing months within the cycle, the following definitions will apply:

QR Payment Quarter – the quarter in which benefits are paid. The QR Payment Quarter will include three consecutive months. The month of application will be considered the first month of the “QR payment quarter” for purposes of identifying the appropriate client reporting cycle, regardless of whether benefits are issued in that month or as a supplemental payment in a subsequent month.

QR Data Month – the 2nd month of the quarter for which the client reports all information necessary to determine eligibility and

QR Submit Month – The third month of the quarter in which the QR 7 is required to be submitted to the CWD.

<u>January</u> (Application Month)	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month

<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month
					RV/RC due

<u>January</u> (13th month)
QR Payment Quarter Begins
New FS Cert Period

The following cycles would be assigned to each applicant, based on application date.

Cycle 1:

Application/QR Payment Quarter	QR Data Month	QR Submit Month
January	February	March
April	May	June
July	August	September
October	November	December

Cycle 2:

Application/QR Payment Quarter	QR Data Month	QR Submit Month
February	March	April
May	June	July
August	September	October
November	December	January

Cycle 3:

Application/QR Payment Quarter	QR Data Month	QR Submit Month
March	April	May
June	July	August
September	October	November
December	January	February

This system enables the county to align the reporting/budgeting cycle with the FS recertification date. The month in which the certification period expires will always be the QR Submit Month, which will be when the recertification can be completed to set up the thirteenth month's allotment.

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(QR) (B) Quarterly Reporting Cycle Based on Terminal Digits

The county shall establish three QR cycles, each for a particular set of numbers. Counties shall determine the groupings. The county shall assign a cycle to an applicant/recipient based on the last digit of his/her case number.

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Following is one example of how a county might set up their QR cycle based on terminal digits:

- Cycle 1 will be assigned to cases ending in 0, 1, 2, and 3.
- Cycle 2 will be assigned to cases ending in 4, 5, and 6.
- Cycle 3 will be assigned to cases ending in 7, 8, and 9.

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Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: Sections 10613, 11209, 11265.1, 11268, 11323.3, 11324.8(a) and (f)(1), AB 312, Chapter 1568, Statutes of 1990, 11454(b) and (e), 11495.1, 11500(b), 11502(b), and 11511(a), Welfare and Institutions Code; Section 37 of AB 444 (Chapter 1022, Statutes of 2002); 42 USC Sections 608(a)(7), 682(c)(2), (3), (4) and (5); 45 CFR 205.42(d)(2)(v)(A) and (B) as printed in Federal Register, Vol. 57, No. 198, Tuesday, October 13, 1992, page 46808; 45 CFR 205.52(a)(1) and (2); 45 CFR 205.55; 45 CFR 250.20; 45 CFR 250.40(a), (b), (c)(1) and (2); 45 CFR 255.1; 45 CFR 256.1(b), and California Department of Health Services Manual Letter 77-1.

Amend Section 40-119.2 to read:

40-119 HOW AND WHERE APPLICATION IS MADE (Continued) 40-119

.2 Optional Persons Section 40-119.2(MR) shall become inoperative and Section 40-119.2(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The county shall consider either the SAWS 1, SAWS 7, or the CA 7 the application for adding an optional person.

(QR) The county shall consider either the SAWS 1, QR 3, or the QR 7 the application for adding an optional person. (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: 45 CFR 206.10(a)(1)(ii), (a)(8), and (b)(2); 45 CFR 233.10(a)(1)(ii)(A) and (B); 45 CFR 233.100(a)(3)(iii) and (vi)(A); and Sections 11265.1, 11265.3, and 11450(b), Welfare and Institutions Code.

- 1) Amend Section 40-125.9 et seq. to read:
- 2) Amend Sections 40-125.952(QR) and .962(QR) to read:

40-125 REAPPLICATIONS, RESTORATIONS, AND COUNTY OF RESPONSIBILITY (Continued) 40-125

.9 Request for Restoration of Aid (Continued)

.92 Section 40-125.92(MR) shall become inoperative and Section 40-125.92(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If the applicant is determined to be eligible within the month following discontinuance, the applicant must provide the Monthly Eligibility Reports (CA 7), to the extent needed for purposes of retrospective grant computation, for the month prior to the last month of aid and for the last month in which the applicant was aided, unless complete CA 7s for these months are in the county's possession. (See Sections 44-313.2(MR) and 44-317.)

(QR) If the applicant is determined to be eligible within the month following discontinuance, the applicant must provide a current QR 7 unless a complete QR 7 for the quarter in which the applicant was discontinued is in the county's possession. The applicant may be assigned to the previous QR cycle or a new QR cycle based on the date of the most recent request for aid.

.921 Section 40-125.921(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CA 7(s) are not required when aid is to be computed prospectively. (See Section 44-313.1.) (Continued)

.94 Section 40-125.94(MR) shall become inoperative and Section 40-125.94(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Restorations in the Calendar Month Following a CA 7 Related Discontinuance

(QR) Restorations in the Calendar Month Following a QR 7 Related Discontinuance

.941 Section 40-125.941(MR) shall become inoperative and Section 40-125.941(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When a recipient who has been discontinued for failure to submit a complete CA 7 requests restoration of AFDC during the calendar month following

discontinuance, but after the first working day, the CWD shall determine if the recipient had good cause (Section 40-181.23(MR)) for failure to submit a complete report.

(QR) When a recipient who has been discontinued for failure to submit a complete QR 7 requests restoration of CalWORKs during the calendar month following discontinuance, but after the first working day of the next QR Payment Quarter, the county shall determine if the recipient had good cause (Section 40-181.23(QR)) for failure to submit a complete report.

.942 Section 40-125.942(MR) shall become inoperative and Section 40-125.942(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If the recipient had good cause for failure to submit a complete report, the discontinuance action shall be rescinded, eligibility redetermined and the grant amount computed based on information contained in the complete CA 7 submitted by the recipient.

(QR) If the recipient had good cause for failure to submit a complete report, the discontinuance action shall be rescinded, eligibility redetermined and the grant amount computed based on information contained on the complete QR 7 submitted by the recipient.

.943 (Continued)

(QR) .95 Section 40-125.95(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Restorations Based on Excess Property

(QR) When a former recipient requests restoration of cash aid after a discontinuance due to excess property, the county shall verify that the AU did not transfer assets for less than fair market value (see Section 42-221).

(QR) .951 If an AU requests restoration of cash aid before the effective date of discontinuance, the county shall evaluate the property spend down and if the AU is verified property eligible, the county shall rescind the discontinuance.

(QR) .952 If an ~~AU~~ former recipient requests restoration after the effective date of discontinuance, the county shall determine the AU's eligibility and grant amount based on the information provided at the time of request for restoration.

Beginning date of aid rules will apply (see Section 44-317). The AU may be assigned to the previous QR cycle or a new QR cycle based on the date of ~~restoration~~ cash aid is restored.

- (QR) .96 Section 40-125.96(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

Restorations Based on Excess Income

When an AU is discontinued due to excess income, the recipient may request restoration of cash aid if the AU experiences a loss or reduction of reasonably anticipated income that was used to determine financial ineligibility.

- (QR) .961 If an AU requests restoration of cash aid before the effective date of discontinuance, the county shall determine income eligibility and rescind the discontinuance if the AU is found eligible.

- (QR) .962 If an ~~AU~~ former recipient requests restoration after the effective date of discontinuance, the county shall determine the AU's eligibility and grant amount based on the information provided at the time of request for restoration. Beginning date of aid rules will apply (see Section 44-317). The AU may be assigned to the previous QR cycle or a new QR cycle based on the date of ~~restoration~~ cash aid is restored.

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: 45 CFR 233.60, Section 3510 (October 1961), Federal Handbook of Public Assistance Administration; Section 11349, Government Code; Sections 10553, 10554, 10604, 11008, 11023.5, 11056, 11102, 11265.1, 11265.2, 11450.12, and 11451.5, Welfare and Institutions Code; and ACF-AT-94-5.

Amend Section 40-131.3 to read:

40-131 INTERVIEW REQUIREMENT (Continued)

40-131

.1 Interview Required Prior to Granting Aid (Continued)

.12 For any applicant who chooses to apply for both AFDC and food stamps, as specified in Section 40-107(a)(5)(B), the CWD shall conduct a single interview for both programs. AFDC applicants shall not be required to see a different eligibility worker or otherwise be subjected to two interview requirements to obtain the benefits of both programs. (Continued)

.3 Content of Application Interview (Continued)

(a) (Continued)

(b) (Continued)

(c) (Continued)

(d) (Continued)

(e) (Continued)

(f) (Continued)

(g) (Continued)

(h) The availability of appropriate services and resources within the agency, including family planning (See Section 40-107(f)(2).).

(i) (Continued)

(j) (Continued)

(k) (Continued)

(l) (Continued)

(m) (Continued)

(n) (Continued)

(o) (Continued)

(p) Section 40-131.3(p)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The availability of a reduced income supplemental payment and the necessity that an assistance unit request the payment in order for it to be provided.

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(MR) (See Section 44-400 regarding reduced income supplemental payments.)

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(q) (Continued)

(r) (Continued)

(s) The availability of program activities and supportive services of the GAIN Program for which applicants and recipients may be eligible. (See Sections 40-107(a)(6) and (a)(7).)

(t) (Continued)

(u) (Continued)

(v) (Continued)

(w) (Continued)

(x) (Continued)

(y) (Continued)

(z) (Continued)

Authority Cited: Sections 10553, 10554, 10604, and 18904, Welfare and Institutions Code.

Reference: Sections 10613, 11209, 11253.5, 11265.8, 11280, 11323.3, 11324.8(a), AB 312, Chapter 1568, Statutes of 1990, 11495.1, 11500(b), and 11511(a), Welfare and Institutions Code; Section 37 of AB 444 (Chapter 1022, Statutes of 2002); 7 U.S.C. 2020(i), 7 CFR 273.2(j), 42 U.S.C. 616(f), 682(c)(2), (3) and (4), 45 CFR 250.20, 45 CFR 250.40(a) and (b); 45 CFR 255.1; 45 CFR 256.1(b), and Section 301(a)(1)(A) and (B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193); California's Temporary Assistance for Needy Families State Plan dated October 9, 1996 and effective November 26, 1996.

Amend Section 40-173 to read:

40-173 COUNTY DEPARTMENT RESPONSIBILITY FOR NOTIFYING APPLICANTS AND RECIPIENTS 40-173

Prior to county action (except as provided in .7 below), the applicant or recipient shall be (a) notified of any county action which relates to his application, affects aid payment to him or his certification for medical assistance, or affects aid payments to him or his family, and (b) informed of his responsibility for reporting facts material to the determination of his eligibility. Such notification, advice, etc., shall be in simple understandable language. Required notifications are:

.1 Section 40-173.1(MR) shall become inoperative and Section 40-173.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Notice of County Action Granting Aid, Changing the Amount of the Grant or Changing the Recipient's Status

(QR) Notice of County Action Granting Aid, Changing the Amount of the Grant, Changing the Recipient's Status or Not Changing the Amount of the Grant Following the Submittal of a Recipient Mid-quarter Report. (Continued)

.8 Section 40-173.8(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Notification of Income Reporting Threshold (IRT)

(QR) Counties must inform each AU in writing of their individual IRT at least once per quarter. Informing shall also occur when MAP amount changes, when the AU or family MAP size changes, when there is a change of persons who are required to report income, at redetermination, or upon recipient request. The informing notice shall include:

(QR) .81 The requirement to report the receipt of gross monthly income that exceeds the IRT;

(QR) .82 The dollar amount of gross monthly income for the family MAP that exceeds the IRT; and

(QR) .83 The consequences of failing to report.

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 10613, 11209, 11265.3, 11500(b), 11502(a) and (b), and 11511(a), Welfare and Institutions Code; 45 CFR 250.20; 45 CFR 250.40(b); 45 CFR 255.1; 45 CFR 256.1(b); 45 CFR 256.2(b)(1); 45 CFR 256.4(c); and Administration for Children and Families-Action Transmittal-91-1, dated June 16, 1992; and Section 301(a)(1)(A) and (B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193); California's Temporary Assistance for Needy Families State Plan dated October 9, 1996 and effective November 26, 1996.

Amend Section 40-181 to read:

40-181 CONTINUING ACTIVITIES AND DETERMINATION OF ELIGIBILITY 40-181

.1 General County Responsibility

(a) Section 40-181.1(a)(MR) shall become inoperative and Section 40-181.1(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD paying aid shall be responsible for continuing to determine eligibility to insure payment only to eligible recipients in the correct amount, to assist recipients to meet their financial and service needs as fully as possible, and to make maximum use of their resources and capabilities. For AFDC-FG or U cases, eligibility shall be established by the use of the CA 2 at the time of application and then at one year intervals, and also by the CA 7 (Monthly Eligibility Report).

(QR) The county paying aid shall be responsible for continuing to determine eligibility to insure payment only to eligible recipients in the correct amount, to assist recipients to meet their financial and service needs as full as possible, and to make maximum use of their resources and capabilities. For CalWORKs cases, eligibility shall be established by the use of the SAWS 2 at the time of application and then at one-year intervals, and also by the QR 7, and by recipients mid-quarter reports (see Section 44-316(QR) also see Section 82-832.3(QR)).

(1) Section 40-181.1(a)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Eligibility regarding deprivation, household/AU composition, property, and the transfer of assets for less than fair market value shall only be determined on a quarterly basis based on the information reported on the QR 7. The county shall compare the information reported on the QR 7 with mid-quarter recipient reports (see Section 44-316(QR)) for accuracy. (Also see Section 82-832.3(QR).)

(b) Section 40-181.1(b)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD shall send the Reduced Income Supplemental Payment Request Form, CA 40, monthly to all assistance units which have reported income and for two months following a termination of reported income.

(c) (Continued)

- (d) Section 40-181.1(d)(MR) shall become inoperative and Section 40-181.1(d)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) Additional determinations shall be made as necessary if unexpected changes in income, property or other circumstances occur which affect the eligibility or grant level of the recipient.
- (QR) Additional determinations shall be made as necessary if unexpected changes in income or other circumstances occur which affect the eligibility or grant level of the recipient in accordance with Section 44-316(QR).
- (e) Issuance of aid in the correct amount is a primary program objective. To achieve this objective it is essential that the county shall:
 - (1) Section 40-181.1(e)(1)(MR) shall become inoperative and Section 40-181.1(e)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.
 - (MR) Give applicants and recipients at the time of application and at least once every twelve months thereafter complete explanations in writing regarding factors which may cause ineligibility, underpayments or overpayments, penalties due to an IPV, and their responsibility to report changes within five calendar days (Section 40-105.14(MR), Applicant and Recipient Responsibility). The factors which are to be explained shall include changes in income and resources, changes in need, etc. These requirements are met by the use of the CA 2 in CalWORKs. These requirements are met by the use of the KG 2A in Kin-GAP. Verbal explanations shall also be given when necessary to assure understanding. The recipient shall signify his/her understanding of his/her responsibilities in writing.
 - (QR) Give applicants and recipients at the time of application and at least once every 12 months thereafter complete explanations in writing regarding factors which may cause ineligibility, underpayments or overpayments, penalties due to an IPV, and their responsibility to report changes as prescribed by Section 40-105.14(QR) (Applicant and Recipient Responsibility). The factors which are to be explained shall include changes in income and resources, changes in need, etc. These requirements are met by the use of the SAWS 2A-QR in CalWORKs. These requirements are met by the use of the KG 2A in Kin-GAP. Verbal explanations shall also be given when necessary to assure understanding. The recipient shall signify his/her understanding of his/her responsibilities in writing.

(2) Section 40-181.1(e)(2)(MR) shall become inoperative and Section 40-181.1(e)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) In CalWORKs, the monthly redetermination of eligibility shall follow the procedures described above. This requirement is met by the use of the CA 7. The CA 7 shall be carefully checked each month upon its receipt so that correct grant computations are made. Special care should be taken to correct grant adjustments for overpayments when income/resources change.

(QR) In CalWORKs, the quarterly redetermination of eligibility shall follow the procedures described above. This requirement is met by the use of the QR 7. The QR 7 shall be carefully checked each quarter upon its receipt so that correct grant computations are made. Special care should be taken to correct grant adjustments for overpayments when income/resources change.
(Continued)

(f) (Continued)

(g) Section 40-181.1(g)(MR) shall become inoperative and Section 40-181.1(g)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Aid shall not be discontinued due solely to circumstances beyond the control of the recipient which prevents reporting changes within five calendar days or the prompt return of the CA 2 or CA 7 eligibility redetermination forms.

(QR) Aid shall not be discontinued due solely to circumstances beyond the control of the recipient which prevents reporting changes that are required to be reported within ten calendar days of the change or prevents the prompt return of the SAWS 2 or QR 7 eligibility redetermination forms. (Continued)

.2 Periodic Determination of Eligibility (Continued)

.21 (Continued)

.212 Section 40-181.212(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Recipients of AFDC-FG/U shall be informed of the availability of reduced income supplemental payments and of the necessity that an assistance unit request the payment in order for it to be provided. (Continued)

.217 Section 40-181.217(QR) and Handbook Section 40-181.217(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If the redetermination process is established outside of the QR Data Month, the county shall act mid-quarter on all information to increase, decrease, or discontinue cash aid as appropriate.

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(QR) Counties are encouraged to align the CalWORKs redetermination period with the Food Stamp Program recertification period (Section 63-504) to the extent possible. In addition, counties are strongly encouraged to align the submission of the annual redetermination with the submission of the QR 7, so that the QR Data Month information is also the information used for the redetermination.

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.22 Section 40-181.22(MR) shall become inoperative and Section 40-181.22(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) AFDC recipients other than AFDC-FC shall, in addition to the annual completion of the CA 2, complete and return the CA 7 to the County Welfare Department (CWD) by the 5th calendar day of each report month but not before the first calendar day of that month. CA 7s not received by the 11th of the month shall be considered late.

(QR) CalWORKs recipients shall, in addition to the annual completion of the SAWS 2, complete and return the QR 7 to the county by the 5th calendar day of each QR Submit Month but not before the first calendar day of that month. QR 7s not received by the 11th of the QR Submit Month shall be considered late.

.221 Section 40-181.221(MR) shall become inoperative and Section 40-181.221(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Late CA 7s

(QR) Late QR 7s

(a) Section 40-181.221(a)(MR) shall become inoperative and Section 40-181.221(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the CA 7 is not received by the eleventh day of the report month or the CA 7 is received but is not complete in accordance with the

completeness criteria specified in Section 40-181.241(MR), the CWD shall send the appropriate discontinuance notice.

- (QR) When the QR 7 is not received by the 11th day of the QR Submit Month or the QR 7 is received but is not complete in accordance with the completeness criteria specified in Section 40-181.241(QR), the county shall send the appropriate discontinuance notice.
- (b) Section 40-181.221(b)(MR) shall become inoperative and Section 40-181.221(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) When a CA 7 has not been received at the CWD after the notice of discontinuance has been sent, the CWD shall attempt to make a personal contact with the recipient either by telephone or in a face-to-face meeting. During the personal contact the CWD shall remind the recipient that a complete CA 7 must be received by the CWD no later than the first working day of the payment month.
- (QR) When a QR 7 has not been received at the county after the notice of discontinuance has been sent, the county shall attempt to make a personal contact with the recipient either by telephone or in a face-to-face meeting. During the personal contact the county shall remind the recipient that a complete QR 7 must be received by the county no later than the first working day of the next QR Payment Quarter. (Continued)
- (c) (Continued)
- (d) Section 40-181.221(d)(MR) shall become inoperative and Section 40-181.221(d)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) If the recipient contacts the welfare office on the first working day of the payment month to report nonreceipt of his or her warrant, the CWD shall inform the recipient of a pending discontinuance due to nonreceipt of a complete CA 7 and shall inform him/her that the discontinuance will be rescinded if a complete CA 7 is received by the end of that day.

- (QR) If the recipient contacts the county on the first working day of the QR Payment Quarter to report nonreceipt of his or her warrant, the county shall inform the recipient of a pending discontinuance due to nonreceipt of a complete QR 7 and shall inform him/her that the discontinuance will be rescinded if a complete QR 7 is received by the end of that day.
- (e) Section 40-181.221(e)(MR) shall become inoperative and Section 40-181.221(e)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The CWD shall not take action to notify the Child Support Enforcement Unit of the District Attorney's Office of any affected employment or training program of a CA 7 related discontinuance until after the first working day of the payment month.
- (QR) The county shall not take action to notify the Local Child Support Agency or any affected employment or training program of a QR 7 related discontinuance until after the first working day of the next QR Payment Quarter.

.222 Processing Late CA 7s

- (a) Section 40-181.222(a)(MR) et seq. shall become inoperative and Section 40-181.222(a)(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) If a complete CA 7 is received after the eleventh but on or before the first working day of the payment month, the CWD shall: (Continued)
 - (1) Rescind the discontinuance action; and
 - (2) Determine eligibility based on the information reported on the CA 7; and
- (QR) If a complete QR 7 is received after the 11th but on or before the first working day of the next QR Payment Quarter, the county shall:
 - (QR) (1) Rescind the discontinuance action; and
 - (QR) (2) Determine eligibility based on the information reported on the QR 7.
- (b) (Continued)

.223 Section 40-181.223(MR) shall become inoperative and Section 40-181.223(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) In reunification cases, as defined in Section 80-301(r)(4), the parents are not required to submit a monthly eligibility report as long as the reunification plan remains in place.

(QR) In reunification cases, as defined in Section 80-301(r)(4), the parents are not required to submit a quarterly eligibility report as long as the reunification plan remains in place.

.23 Section 40-181.23(MR) shall become inoperative and Section 40-181.23(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Good Cause Determination for Failure to Submit a Complete CA 7 Timely

A recipient may have good cause for not meeting the monthly reporting requirements. Good cause exists only when the recipient cannot reasonably be expected to fulfill his/her reporting responsibilities due to factors outside of his/her control. The burden of proof rests with the recipient.

(QR) Good Cause Determination for Failure to Submit a Complete QR 7 Timely

A recipient may have good cause for not meeting the quarterly reporting requirements. Good cause exists only when the recipient cannot reasonably be expected to fulfill his/her reporting responsibilities due to factors outside of his/her control. The burden of proof rests with the recipient.

.231 Section 40-181.231(MR) shall become inoperative and Section 40-181.231(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A good cause exemption shall only be granted if the request is made by the parent, other caretaker relative, or an authorized representative unless a good cause determination is required in accordance with Section 40-125.94(MR) (Requests for Restoration in the Calendar Month Following a CA 7 Discontinuance).

(QR) A good cause exemption shall only be granted if the request is made by the parent, other caretaker relative, or an authorized representative unless a good cause determination is required in accordance with Section 40-125.94(QR) (Restoration in the Calendar Month Following a QR 7 Discontinuance).

(a) Section 40-181.231(a)(MR) shall become inoperative and Section 40-181.231(a)(QR) shall become operative in a county on the date QR/PB

becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A request is defined as any clear expression to the CWD, whether verbal or written, that the recipient wants an opportunity to present his/her explanation for not meeting the monthly reporting requirements. A request for State Hearing also may be considered a request for good cause determination when the issue to be heard specifically relates to Section 40-181.22(MR).

(QR) A request is defined as any clear expression to the county, whether verbal or written, that the recipient wants an opportunity to present his/her explanation for not meeting the quarterly reporting requirements. A request for a State Hearing also may be considered a request for good cause determination when the issue to be heard specifically relates to Section 40-181.22(QR). (Continued)

.24 Section 40-181.24(MR) shall become inoperative and Section 40-181.24(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Criteria for Evaluating Information Reported on the CA 7

(QR) Criteria for Evaluating Information Reported on the QR 7

.241 Section 40-181.241(MR) shall become inoperative and Section 40-181.241(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) For CalWORKs purposes, a CA 7 is complete when all the following requirements are met:

(QR) For CalWORKs purposes, a QR 7 is complete when all the following requirements are met:

(a) Section 40-181.241(a)(MR) shall become inoperative and Section 40-181.241(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The date the CA 7 (Rev. 7/87) is signed shall be no earlier than the first day of the report month.

(QR) The date the QR 7 is signed shall be no earlier than the first day of the QR Submit Month.

- (1) Section 40-181.241(a)(1)(MR) shall become inoperative and Section 40-181.241(a)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
 - (MR) This requirement is met when the date entered on the CA 7 by the recipient, together with other dated material provided with the CA 7 and the date on which the CWD mailed or gave the CA 7 to the recipient, clearly establishes that the CA 7 was signed no earlier than the first day of the report month.
 - (QR) This requirement is met when the date entered on the QR 7 by the recipient, together with other dated material provided with the QR 7 and the date on which the county mailed or gave the QR 7 to the recipient, clearly establishes that the QR 7 was signed no earlier than the first day of the QR Submit Month.
- (2) Section 40-181.241(a)(2)(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
 - (MR) This requirement does not apply when:
 - (MR)(A) The first day of the report month falls on a nonpostal delivery day;
 - (MR)(B) The CA 7 is mailed by the CWD for delivery on the last postal delivery day of the budget month; and
 - (MR)(C) The recipient signs and dates the CA 7 on or before the last day of the budget month.
- (b) Section 40-181.241(b)(MR) shall become inoperative and Section 40-181.241(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
 - (MR) The address along with other information provided on the CA 7 shall be sufficient for county administrative purposes, including the ability to locate the recipient; and
 - (QR) The address along with other information provided on the QR 7 shall be sufficient for county administrative purposes, including the ability to locate the recipient; and
- (c) Section 40-181.241(c)(MR) shall become inoperative and Section 40-181.241(c)(QR) shall become operative in a county on the date QR/PB

- becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The CA 7 shall be signed by each natural or adoptive parent or aided spouse of a parent or other caretaker relative living in the home, unless an individual so specified is temporarily absent from the home (see Section 82-812); and
 - (QR) The QR 7 shall be signed under penalty of perjury by each natural or adoptive parent or aided spouse of a parent or other caretaker relative living in the home, unless an individual so specified is temporarily absent from the home (see Section 82-812); and
 - (d) (Reserved)
 - (e) Section 40-181.241(e)(MR) shall become inoperative and Section 40-181.241(e)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
 - (MR) The response to all questions pertaining to AFDC eligibility and grant amount shall provide the CWD with information sufficient to answer the question. The information provided on the CA 7 together with the submitted evidence must be sufficient for the county to determine eligibility and/or grant amounts. This includes the income and any change in resources of a stepparent living in the home, and any person who is required to apply for aid under Section 40-118 but is excluded from the assistance unit. Reported income shall include earned, unearned, exempt, and nonexempt income received during the budget month; and
 - (QR) The response to all questions pertaining to CalWORKs eligibility and grant amount shall provide the county with information sufficient to answer the question. The information provided on the QR 7 together with the submitted evidence must be sufficient for the county to determine eligibility and/or grant amounts. This includes the income and any change in resources of a stepparent living in the home, and any person who is required to apply for aid under Section 40-118 but is excluded from the AU. Reported income shall include earned, unearned, exempt, and nonexempt income received during the QR Data Month and income reasonably anticipated to be received during the next QR Payment Quarter; and
 - (f) Section 40-181.241(f)(MR) shall become inoperative and Section 40-181.241(f)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) Evidence shall be submitted with the CA 7 to verify the gross amount of all earned income received and the date of receipt. Evidence shall be submitted to verify initial receipt of or a change in the amount of unearned income received. Such evidence includes but is not limited to: pay stubs, letters of award or benefits (such as unemployment, disability, or Social Security), statements showing interest income, dividend income, tax return showing the amount of EIC received, etc. Documents and records submitted with the CA 7 shall be promptly returned to the recipient; and
- (QR) Evidence shall be submitted with the QR 7 to verify the gross amount of all earned income received and the date of receipt. Evidence shall be submitted to verify initial receipt of or a change in the amount of unearned income received. Such evidence includes but is not limited to: pay stubs, letters of award or benefits (such as unemployment, disability, or Social Security), statements showing interest income, dividend income, tax return showing the amount of EIC received, etc. Documents and records submitted with the QR 7 shall be promptly returned to the recipient; and
- (g) Section 40-181.241(g)(MR) shall become inoperative and Section 40-181.241(g)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) Information reported on the CA 7 must be consistent with other information which the county has verified to be accurate; and
- (QR) Information reported on the QR 7 must be consistent with other information which the county has verified to be accurate; and
- (h) Section 40-181.241(h)(MR) shall become inoperative and Section 40-181.241(h)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The CA 7 shall include form CA 72 (as defined in .25(MR) below) when the recipient is a sponsored alien.
- (QR) The QR 7 shall include form QR 72 (as defined in Section 40-181.25(QR)) when the recipient is a sponsored alien.
- (i) Section 40-181.241(i)(MR) shall become inoperative and Section 40-181.241(i)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The Supplemental Monthly Income Report (CA 73) shall be submitted with the CA 7 when a minor parent (see Section 44-133.51) lives with his/her senior parent. The completeness of the CA 73 shall be determined using the criteria for evaluating the completeness of the CA 7.

(QR) The Senior Parent Quarterly Income Report (QR 73) shall be submitted with the QR 7 when a minor parent lives with his/her senior parent (see Section 89-201.5). The completeness of the QR 73 shall be determined using the criteria for evaluating the completeness of the QR 7.

.242 Failure to provide the information or evidence specified in .241(MR) above shall result in the discontinuance of the assistance unit unless otherwise specified in .25(MR) and .26(MR) below. (See Section 40-181.22(MR).)

.243 (Continued)

(a) Verification of self-employment expenses (see Section 44-113.212(MR)).

.244 Section 40-181.244(MR) shall become inoperative and Section 40-181.244(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Failure to provide the information or evidence specified in .243 above shall result in the disallowance of the deduction. Failure to provide the information on the form or to provide the evidence shall not, in and of itself, render the CA 7 incomplete as defined in .241(MR) above.

(QR) Failure to provide the information or evidence specified in Section 40-181.243 shall result in the disallowance of the deduction. Failure to provide the information on the form or to provide the evidence shall not, in and of itself, render the QR 7 incomplete as defined in Section 40-181.241(QR).

.25 Section 40-181.25(MR) shall become inoperative and Section 40-181.25(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

Sponsored Alien Reporting.

(MR) In addition to the Monthly Eligibility Report (CA 7), the recipient who is a sponsored alien as defined in Section 43-119 shall report the income and resources of the sponsor.

(QR) In addition to the Quarterly Eligibility Report (QR 7), the recipient who is a sponsored alien as defined in Section 43-119 shall report the income and resources of the sponsor.

.251 Section 40-181.251(MR) shall become inoperative and Section 40-181.251(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

Reporting of the sponsor's income and resources.

(MR) The recipient shall submit a completed Sponsors Monthly Income and Resources Report (CA 72) to the CWD. The recipient is responsible for obtaining all information necessary to complete the CA 72 and for obtaining any cooperation necessary from the sponsor.

(QR) The recipient shall submit a completed Sponsors Quarterly Income and Resources Report (QR 72) to the county. The recipient is responsible for obtaining all information necessary to complete the QR 72 and for obtaining any cooperation necessary from the sponsor.

.252 Section 40-181.252(MR) shall become inoperative and Section 40-181.252(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) The CA 72 shall be due by the 5th calendar day of each month but not before the first calendar day of the report month. When the CWD has not received the completed CA 72 by the 11th calendar day of the report month, the recipient has not met the requirement for returning a complete CA 7. See Section 40-181.22(MR). The CA 72 shall be considered complete if all the following requirements are met:

(QR) The QR 72 shall be due by the 5th calendar day of the QR Submit Month but not before the first calendar day of the next QR Payment Quarter. When the county has not received the completed QR 72 by the 11th calendar day of the QR Submit Month, the recipient has not met the requirement for returning a complete QR 7. See Section 40-181.22(QR). The QR 72 shall be considered complete if all the following requirements are met:

(a) Section 40-181.252(a)(MR) shall become inoperative and Section 40-181.252(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Dated no earlier than the first day of the report month; and

(QR) Dated no earlier than the first day of the QR Submit Month; and
(Continued)

(f) Section 40-181.252(f)(MR) shall become inoperative and Section 40-181.252(f)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Evidence shall be submitted with the CA 72 to establish the gross amount of income received by the sponsor, and the date of receipt. See Section 40-181.241(f)(MR) for examples of acceptable evidence.

(QR) Evidence shall be submitted with the QR 72 to establish the gross amount of income received by the sponsor, and the date of receipt. See Section 40-181.241(f)(QR) for examples of acceptable evidence.

.253 Section 40-181.253(MR) shall become inoperative and Section 40-181.253(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) A complete CA 7 includes form CA 72 (as defined in .251(MR) above) when a member of the FBU is a sponsored alien. The failure to provide a completed CA 72 on or before the 1st calendar day of the payment month shall result in discontinuance for those members of the FBU who are sponsored aliens.

(QR) A complete QR 7 includes form QR 72 (as defined in Section 40-181.251(QR)) when a member of the AU is a sponsored alien. The failure to provide a completed QR 72 on or before the 1st calendar day of the next QR Payment Quarter shall result in discontinuance for those members of the AU who are sponsored aliens.

.26 Section 40-181.26(MR) shall become inoperative and Section 40-181.26(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Failure to report or verify the receipt of a child/spousal support disregard payment issued under Section 43-203.11 will not result in an incomplete CA 7 nor in termination of aid.

(QR) Failure to report or verify the receipt of a child/spousal support disregard payment issued under Section 82-520.2 will not result in an incomplete QR 7 nor in termination of aid.

.3 Methods of Periodic Determination of Eligibility

.31 (Continued)

.312 Section 40-181.312(MR) shall become inoperative and Section 40-181.312(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Monthly redeterminations using the CA 7 form, or special nonscheduled investigations conducted by the county, may include an interview with the parent or person responsible for the child.

(QR) Quarterly redeterminations using the QR 7 form, or special nonscheduled investigations conducted by the county, may include an interview with the parent or person responsible for the child.

.32 Section 40-181.32(MR) shall become inoperative and Section 40-181.32(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) The recipient's statements or the statements of his/her guardian or any other person acting for him/her and completing the appropriate Statement of Facts and CA 7(s), together with information obtained from all other sources, shall be assessed in the light of facts previously known and in relation to potentials for change in eligibility status or amount of grant.

(QR) The recipient's statements or the statements of his/her guardian or any other person acting for him/her and completing the appropriate Statement of Facts and QR 7(s), together with information obtained from all other sources, shall be assessed in the light of facts previously known and in relation to potentials for change in eligibility status or amount of grant. (Continued)

Authority Cited: Sections 10553, 10554, 10604, 11203, 11265.1, 11369, and 18904, Welfare and Institutions Code.

Reference: 42 U.S.C. 616(b) and (f); 45 CFR 233.28 and 233.29(c); and 45 CFR 235.112(b); 7 CFR 273.16(b); Sections 10063, 10553, 10554, 10604, 11008, 11203, 11253.5, 11254, 11265, 11265.1, 11265.2, 11265.3, 11265.8, 11280, 11450.12, 11451.5, 11486, and 11495.1, Welfare and Institutions Code; Section 37 of AB 444 (Chapter 1022, Statutes of 2002); and Section 301(a)(1)(A) and (B) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193): California's Temporary Assistance for Needy Families State Plan dated October 9, 1996 and effective November 26, 1996.

- 1) Amend Section 40-188.14 to read:
- 2) Amend Section 40-188.14(QR) to read:

40-188 TRANSFER PROCEDURE

40-188

.1 First County

The first county shall: (Continued)

.14 Determine Eligibility

Section 40-188.14(MR) shall become inoperative and Section 40-188.14(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR)

Determine continuing eligibility and amount of cash aid from the Monthly Eligibility Report due during the transfer period.

(QR)

Determine continuing eligibility and amount of cash aid from the most recent Quarterly Eligibility Report due during the transfer period. Once eligibility is determined, cash aid shall continue until the end of the QR Payment Quarter in which the transfer period ends.
(Continued)

Authority Cited: Sections 10553, 10554, 10605, 11053, 11102, and 11369, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 10605, and 11265.1, Welfare and Institutions Code; and Nickols v. Saenz Court Order Case Number 310867.

Amend Section 40-190.2 to read:

40-190 COUNTY RESPONSIBILITY 40-190

.2 Payment Responsibility (Continued)

.21 Section 40-190.21(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(QR) Quarterly Reporting Cycle The second county shall establish the recipient's quarterly reporting cycle which may differ from the first county's quarterly reporting cycle. (Continued)

.22 General Rule (Continued)

.23 Transfer of AU Members (Continued)

.231 Creation of New AU (Continued)

.232 Addition to Existing AU (Continued)

.24 Intraprogram Status Change (Continued)

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.241 (Continued)

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.245 Expiration of Transfer Period (Continued)

Authority Cited: Sections 10553, 10554, 10604, 11053, 11102, and 11369, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 10604, 11004, and 11265.1, Welfare and Institutions Code.

Amend Section 41-405 to read:

41-405 TERMINATION OF DEPRIVATION

41-405

.1 When a basis for deprivation ceases, and the family remains in need, the county shall determine if any other basis for deprivation exists.

.11 Section 41-405.11(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) When a basis for deprivation ceases mid-quarter, the county shall not take mid-quarter action based on changes in deprivation. Any change in deprivation shall be reported on the QR 7 and any change in eligibility or grant amount that results from the change in deprivation shall be effective the first day of the next QR Payment Quarter.

.2 Section 41-405.2(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Assistance shall be continued, if the family is in need, for a readjustment period not to exceed three calendar months when:

(MR) .21 Deprivation, which is due to relinquishment, incapacity or absence, ceases, or

(MR) .22 Deprivation changes to deprivation due to separation or desertion of a parent.

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(MR) The purpose of the readjustment period is to enable aid and service to be provided in order to help the family to become reestablished and to eliminate or minimize situations that will cause the family to have need for further public assistance.

HANDBOOK ENDS HERE

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11265.2 and 11450.5, Welfare and Institutions Code.

- 1) Amend Section 42-209 to read:
- 2) Amend Section 42-209.2(QR) to read:

42-209 DIFFERENTIATION OF PROPERTY AND INCOME

42-209

.1 Some payments may be considered property, income, or a combination of both. For the differentiation of such payments, see Section 44-105.

.2 Section 42-209.2(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Under QR/PB, nonrecurring lump sum payments, which are not recurring regular income and usually nonrecurring in regard to amount and/or source, shall be treated as property in the month of receipt and any subsequent months.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11265.1, 11265.2, 11265.3, and 11450.5, Welfare and Institutions Code.

Amend Sections 42-213.11 et seq., .41, .42, .43, and .44 to read:

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY 42-213
WHICH MAY BE RETAINED

.1 Real Property to Be Excluded

.11 The following items are to be excluded in evaluating real property:

(a) (Continued)

(b) (Continued)

(c) (Continued)

(d) (Continued)

(e) (Continued)

(f) (Continued)

(g) (Continued)

(h) Section 42-213.11(h)(MR) shall become inoperative and Sections 42-213.11(h)(QR) and (h)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The separate and community shares of real property of the absent parent which are unavailable to the CalWORKs family or child (i.e., the family or child does not have possession or control of the property so that the property may be used to meet current needs). Such unavailable property is to be excluded in cases where the child is living apart from his/her parent or parents. The exclusion applies to a child in foster care regardless of whether his/her parents are maintaining a home together.

(MR) An availability determination of the separate community shares of real property of an absent parent must be made by the county as part of the initial eligibility determination. After the initial eligibility determination, the county only needs to make another availability determination when the county receives information that there has been a change.

(QR) The separate and community shares of real property of the absent parent which are unavailable to the CalWORKs family or child (i.e., the family or child does not have possession or control of the property so that the property may be used to meet current needs). Such unavailable property is to be excluded in cases where the child is living apart from his/her parent or parents. The exclusion applies to a child in foster care regardless of whether his/her parents are maintaining a home together.

(QR) (1) An availability determination of the separate community shares of real property of an absent parent must be made by the county as part of the initial eligibility determination. After the initial eligibility determination, the county shall only make a determination when the county receives information on the QR 7 that there has been a change.

(i) (Continued)

(j) (Continued)

(k) (Continued)

.4 The home which was the usual home of an applicant/recipient who has entered into marital separation shall be treated as follows:

.41 The usual home shall be exempt in determining an applicant's eligibility for CalWORKs and for three months following the end of the month in which aid begins.

.411 Section 42-213.411(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If the exemption period ends mid-quarter, the county shall not act on the information during the QR Payment Quarter. The usual home shall be used to determine eligibility for the QR Payment Quarter following the QR Payment Quarter in which the exemption period ended. (Continued)

.42 The usual home shall be exempt in evaluating a recipient's retained property during the month of separation and for three months following the end of the month in which the separation occurs.

.421 Section 42-213.421(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If the exemption period ends mid-quarter, the county shall not act on the information during the QR Payment Quarter. The usual home shall be used to determine eligibility for the QR Payment Quarter following the QR Payment Quarter in which the exemption period ended.

.43 (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11155 (Ch. 270, Stats. of 1997), 11155.2, 11155.5, 11257, 11265.1, 11265.2, and 11450.5, Welfare and Institutions Code; Sidwell v. McMahon, United States District Court (E.D. Cal.) May 7, 1990, civil no. S-89-0445; Public Laws 97-458, 98-64, and 103-286; and Federal Action Transmittal 91-23.

Amend Section 42-221 to read:

42-221 TRANSFER OF PROPERTY OR INCOME

42-221

.1 Section 42-221.1(MR) shall become inoperative and Section 42-221.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The receipt of aid shall not limit or restrict a recipient's right to give, receive, sell, exchange, or change the form of property or income holdings. A period of ineligibility (POI) shall result when a recipient AU gives away or transfers, for less than fair market value (FMV), nonexcluded income or property that would cause the AU to exceed its eligibility for benefits. (See Section 42-207 for property limits.)

(QR) The receipt of aid shall not limit or restrict a recipient's right to give, receive, sell, exchange, or change the form of property. A period of ineligibility (POI) shall result when a recipient AU gives away or transfers, for less than fair market value (FMV), nonexcluded property (including cash) would cause the AU to exceed its eligibility for cash aid. (See Section 42-207 for property limits.) (Continued)

.4 Income

Section 42-221.4(MR) shall become inoperative and Section 42-221.4(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A POI shall result when, in the month of receipt, a recipient gives away or transfers, for less than FMV, nonexempt, nonrecurring income that would cause the AU to be ineligible for a cash aid payment. A transfer for less than FMV results when a recipient uses nonexempt, nonrecurring income to purchase a product or service with an FMV less than the money transferred. (See Section 44-315 for amount of aid.)

(QR) Nonrecurring lump sum income/payments shall be treated as property and shall be subject to any application of POI rules for a transfer of property for less than FMV.

.41 Section 42-221.41(MR) et seq. shall become inoperative and Section 42-221.41(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Income is considered nonrecurring for purposes of the transfer of POI Income rules if all the following apply:

(QR) Income is considered nonrecurring if all of the following apply: (Continued)

.42 Section 42-221.42(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The POI shall be computed based on the amount of net nonexempt income (NNI) given away or transferred for less than FMV that would have made the AU ineligible for a cash aid payment. The county shall determine the POI as follows:

(MR).421 The amount of the nonexempt income given away or transferred is combined with all other nonexempt income to determine the NNI. (See Section 44-315 for amount of aid.) Subtract the MAP from the NNI;

(MR).422 Take the amount transferred, and subtract from it the value of anything received from the transfer.

(MR).423 Compare the amount calculated in Section 42-221.421(MR) with the amount calculated in Section 42-221.422(MR) and determine the lesser of the two amounts;

(MR).424 Divide the lesser of the two amounts in Section 42-221.423(MR) by the MBSAC for the AU, and

(MR).425 Round the resulting figure down to the nearest whole number to determine the number of months in the POI.

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.5 Section 42-221.5(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example: While on aid, a recipient AU of four persons receives disability-based unearned income (DUI) in the amount of \$3,005. The recipient gives \$2,000 to a relative. The AU has \$800 per month in gross earned income.

(MR) .51 Computation Factors:

\$3,005	DUI
<u>- 25</u>	Income Disregard
\$2,780	Net DUI
\$800	Earned Income
<u>- 400</u>	50% Earned Income Disregard
400	Nonexempt Earned Income

\$2,780	Net DUI
+ 400	Nonexempt Earned Income
<u>\$3,180</u>	NNI
\$3,180	NNI
- 728	MAP for four (Region 1)
<u>\$2,452</u>	Adjusted NNI
\$2,000	Amount of income transferred
- 0	Amount received from the transfer
<u>\$2,000</u>	Difference
\$2,452	Adjusted NNI
\$2,000	Difference between the amount transferred and the value of anything received from the transfer (lesser of the two)

\$2,000 divided by \$920 (MBSAC for four, Region 1) = 2.17 months

POI = 2 months (rounded down from 2.17 months)

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.6 Applying the Period of Ineligibility (POI)

.61 Section 42-221.61(MR) shall become inoperative and Section 42-221.61(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the family has transferred property or income which results in a POI, the POI begins as follows:

(QR) When the family has transferred property which results in a POI, the POI begins as follows:

.611 Section 42-221.611(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the period of ineligibility is one month, the POI shall begin in the payment month and aid shall be suspended.

.612 Section 42-221.612(MR) shall become inoperative in a county and Section 42-221.612(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the POI is two months or more, aid shall be discontinued and the POI shall begin in:

(QR) When a POI has been determined, cash aid shall be discontinued and the POI shall begin in:

(a) Sections 42-221.612(a)(MR) shall become inoperative and Section 42-221.612(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The month following the transfer when the county has taken appropriate action to avoid or minimize an overpayment for that month. Any aid received by the family unit during that month is an overpayment.

OR:

(QR) The first month of the next QR Payment Quarter following the transfer and shall continue for the determined number of months of ineligibility. Any aid received by the AU during the ineligible months of the quarter is an overpayment.

(b) Section 42-221.612(b)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The payment month.

.613 Section 42-221.613(MR) shall become inoperative and Section 42-221.613(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the transfer is discovered too late to suspend or discontinue for the corresponding payment month, the POI shall begin in that corresponding payment month and any aid payments received during the POI are overpayments.

(QR) When the transfer is discovered too late to discontinue for the first month of the QR Payment Quarter, the POI shall begin the first of a month within that QR Payment Quarter after timely and adequate notice is given. Any aid received by the AU during the ineligible month(s) of the current quarter is an overpayment.

.614 Section 42-221.614(MR) shall become inoperative and Section 42-221.614(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the transfer is in the first or second month of aid, any resulting POI begins in the month the transfer was made. Any aid received during the POI is an overpayment.

(QR) When the transfer is in the first or second month of aid, any resulting POI shall begin the first month of the next QR Payment Quarter and shall continue for the determined number of months.

.7 Section 42-221.7(MR) shall become inoperative and Section 42-221.7(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Transfer of property or income rules do not apply to applicant families.

(QR) Transfer of property rules do not apply to applicant families.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11157.5 (Ch. 270, Stats. of 1997 and Ch. 902, Stats. of 1998), 11265.1, 11265.2, 11265.3, and 11450.5, Welfare and Institutions Code.

Amend Section 42-302.2 to read:

42-302 60-MONTH TIME LIMIT REQUIREMENTS FOR ADULTS (Continued) 42-302

.2 Section 42-302.2(MR) shall become inoperative and Section 42-302.2(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Counting the 60-Month Limit Any month or partial month in which an adult is included in an AU that receives a cash grant, including Reduced Income Supplemental Payments (Section 44-400) and Special Needs, (Section 44-211), shall count for the purposes of the 60-month time limit, except as provided in Sections 42-302.21 (Exempt Months) and 42-302.22 (Diversion Count).

(MR) Any overpayment month, (an entire month of aid in which the recipient was not entitled to cash aid), that is fully repaid shall not count for the purposes of the 60-month time limit.

(QR) Counting the 60-Month Limit Any month or partial month in which an adult is included in an AU that receives a cash grant, including Special Needs (see Section 44-211), shall count for the purposes of the 60-month time limit, except as provided in Sections 42-302.21 (Exempt Months) and 42-302.22 (Diversion Count).

(QR) Any overpayment month, (an entire month of aid in which the recipient was not entitled to cash aid), that is fully repaid shall not count for the purposes of the 60-month time limit.

.21 Exempt Months (Continued)

(g) Aid is Reimbursed (Continued)

(1) Process for Reimbursement of Months of Aid for Exemption (Continued)

(F) The recipient shall be informed of the exempt months due to child support recoupment pursuant to MPP Sections 40-107(a)(4)(A) through (a)(4)(I). (Continued)

.3 Requesting Exemptions/Exceptions (Continued)

.33 Documentation of Exemption/Exception The county shall first research all available and relevant case records before requesting additional verification from the recipient. Pursuant to MPP Section 40-107(a), the county shall assist the applicant/recipient in obtaining the necessary records to verify the exemption/exception.

Authority Cited: Sections 10553, 10554, and 11369, Welfare and Institutions Code.

Reference: Sections 11266.5, 11454, 11454(e) and (e)(5), 11454.5, 11454.5(b) and (b)(4) and (5), and 11495.1, Welfare and Institutions Code; Section 37 of AB 444 (Chapter 1022, Statutes of 2002); and 42 U.S.C. 608(a)(7)(a), (B) and (D).

Amend Section 42-406.24 to read:

42-406 COUNTY WELFARE DEPARTMENT RESPONSIBILITY (Continued) 42-406

.2 The response to the inquiry shall include, but is not limited to, the following: (Continued)

.24 Section 42-406.24(MR) shall become inoperative and Section 42-406.24(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) the completion and return of Form CA 7, giving his current employment status, and all other factors normally used to compute the recipient's needs.

(QR) the completion and return of QR 3 or QR 7, giving his current employment status, and all other factors normally used to compute the recipient's needs. (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Section 11265.2, Welfare and Institutions Code.

Amend Section 42-407.1 to read:

42-407 EVIDENCE OF RESIDENCE INTENTION

42-407

.1 Applicant or Recipient Physically Present in State

Section 42-407.1(MR) shall become inoperative and Section 42-407.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The written statement of the applicant or recipient is acceptable to establish his intention and action on establishing residence unless the statement is inconsistent with other statements on the Form CA 2, Form CA 7, or with the conduct of the person or with other information known to the county.

(QR) The written statement of the applicant or recipient is acceptable to establish his intention and action on establishing residence unless the statement is inconsistent with other statements on the SAWS 2, QR 7, or recipient mid-quarter report, or with the conduct of the person or with other information known to the county.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Section 11265.2, Welfare and Institutions Code; Senate Bill (SB) 991, Chapter 1285, Statutes of 1989; and WRL vs. McMahon, Case No. 268972 (Sacramento Superior Court), October 31, 1990.

Amend Section 42-716.851 to read:

42-716 WELFARE-TO-WORK ACTIVITIES (Continued)

42-716

.8 Grant-based OJT (Continued)

.85 The CWD shall administer grant-based-OJT funded positions in a manner that minimizes any break in income received by the participant as a grant, or as a wage subsidized by the diverted grant and/or grant savings upon entry into, during, or upon exit from the assignment.

.851 Section 42-716.851(MR) shall become inoperative and Section 42-716.851(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Notwithstanding any other provision of Sections 44-313.1(MR) and .2(MR), the AU's monthly aid grant shall be prospectively budgeted as specified in Section 44-313.11(MR) during the grant-based OJT placement. The prospective budgeting period shall begin in the month the participant is expected to receive her/his first grant-based subsidized wages and for the two months after the assignment ends. CWDs shall explain the requirements of prospective budgeting to all OJT participants.

(QR) A grant-based OJT placement may begin mid-quarter. (Continued)

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: Sections 11253.5(b), 11265.1, 11265.2, 11320.3(b)(2), 11322.6, 11322.61, 11322.7, 11322.8, 11322.9(a), (b), (c), (d)(6), (e), and (f), 11324.4, 11325.22(b)(1), 11325.7(a), (c), (d), 11325.8(a), (c), (d), and (f), 11327.5, 11450.5, 11451.5, and 11454(a), Welfare and Institutions Code; and Section 8358(c)(2), Education Code; 7 U.S.C. 2029(a)(1); 7 U.S.C. 2035; U.S. Department of Labor guidance on FLSA, with attached U.S.D.A., Food and Nutrition Service (FNS) guidance on an SFSP, dated May 22, 1997; and Simplified Food Stamp Program approval letters from FNS to implement the provisions of an SFSP, dated May 5, 2000 and August 3, 2000.

Amend Sections 42-721.41 and .48 to read:

42-721 NONCOMPLIANCE WITH PROGRAM REQUIREMENTS (Continued) 42-721

.4 Sanctions (Continued)

.41 (Continued)

.414 Section 42-721.414(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) A financial sanction is a county-initiated mid-quarter change pursuant to Section 44-316.331(b)(QR). (Continued)

.48 The CWD shall restore aid: (Continued)

.483 Section 42-721.483(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Restoration of aid due to the noncomplying participant performing the activities he or she previously refused to perform, in accordance with Sections 42-721.43 and 44-318.13(QR), is a county-initiated mid-quarter change pursuant to Section 44-316.331(c)(QR). (Continued)

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: Sections 11203, 11265.2, 11320, 11320.31, 11324.8(d), 11327.4, 11327.5(a) through (e), 11327.6, 11327.8, 11327.9, 11328.2, 11333.7, 11454, and 16501.1(d), (e), (f), and (g), Welfare and Institutions Code.

Amend Section 42-751.4(e) to read:

42-751 UNDERPAYMENTS AND OVERPAYMENTS FOR TRANSPORTATION 42-751
AND ANCILLARY SUPPORT SERVICES (Continued)

.4 Collection of Overpayments (Continued)

(e) Reasonable efforts shall include written notification of the amount of the overpayment and that repayment is required. The following are reasonable cost-effective collection methods: (Continued)

(4) Section 42-751.4(e)(4)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Recoupment by grant adjustment shall be conducted in accordance with Section 44-352.41(QR). (Continued)

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: Sections 10063, 11004(g), (h), (i), (k), and (l), 11265.2, and 11323.4(b), Welfare and Institutions Code.

Amend Section 42-769 to read:

42-769 APPLICATION OF BONUSES AND SANCTIONS (Continued) 42-769

.4 Treatment of Bonuses and Sanctions in Other Calculations

Section 42-769.4(MR) shall become inoperative and Section 42-769.4(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD shall not include a Cal-Learn bonus or sanction in the calculation of an overpayment adjustment, a homeless assistance payment, or a reduced income supplement payment.

(QR) The county shall not include a Cal-Learn bonus or sanction in the calculation of an overpayment adjustment or a homeless assistance payment.

.5 Section 42-769.5(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Treatment of Bonuses and Sanctions as County-Initiated Mid-Quarter Actions

(QR) Cal-Learn bonuses and sanctions are considered county-initiated mid-quarter actions as described in Section 44-316.33(QR).

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10063, 11265.2, and 11333.7, (a) and (d), Welfare and Institutions Code; Section 37 of AB 444 (Chapter 1022, Statutes of 2002); 45 CFR 250.40(a); Federal Waiver Terms and Conditions for the California Work Pays Demonstration Project, March 1994, and Waiver Authority for the California Work Pays Demonstration Project as transmitted by the United States Department of Health and Human Services Administration for Children and Families letter dated March 1, 1994.

- 1) Amend Section 44-101 to read:
- 2) Amend Section 44-101(m)(1)(QR) to read:

44-101 INCOME DEFINITIONS

44-101

- (a) Section 44-101(a)(MR) shall become inoperative and Section 44-101(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Income, generally, is any benefit in cash or in kind which is in fact currently available to the individual or is received by him as a result of current or past labor or services, business activities, interests in real or personal property, or as a contribution from persons, organizations or assistance agencies. To be considered in determining the cash aid payment, income must, in fact, be currently available to needy members of the family in meeting their needs during the budget period. Subject to this limitation and the exemptions and exclusions, as specified in Section 44-111 of this chapter, such benefits are taken into consideration as income in evaluating the need of the recipient and in determining the amount of cash aid to which the recipient is entitled.

(QR) Income, generally, is any benefit in cash or in kind which is reasonably anticipated to be available to the individual or is received by him as a result of current or past labor or services, business activities, interests in real or personal property, or as a contribution from persons, organizations or assistance agencies. To be considered in determining the cash aid payment, income must be reasonably anticipated to be available to needy members of the family in meeting their needs during the QR Payment Quarter. Subject to this limitation and the exemptions and exclusions, as specified in Section 44-111 of this chapter, such benefits are taken into consideration as income in evaluating the need of the recipient and in determining the amount of cash aid to which the recipient is entitled.

- (b) Separate and Community Income (Continued)

- (1) Separate income is: (Continued)

- (A) (Continued)

- (B) (Continued)

- (C) (Continued)

- (D) Section 44-101(b)(1)(D)(MR) shall become inoperative and Section 44-101(b)(1)(D)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Funds awarded a married person from his/her spouse in a civil action for personal injuries are considered that spouse's separate income during the month of receipt, and separate property if retained past the month of receipt.

(QR) Funds awarded a married person from his/her spouse in a civil action for personal injuries are considered that spouse's separate income during the month of receipt, and separate property if retained past the month of receipt. If these funds are paid as a nonrecurring lump sum payment, then the funds shall be treated as property in accordance with Section 42-209.2(QR).

(2) Community income is: (Continued)

(A) (Continued)

(B) Income resulting from employment or military service performed during the marriage and not under the situation described in (b)(1)(C) above.

(C) Section 44-101(b)(2)(C)(MR) shall become inoperative and Section 44-101(b)(2)(C)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Funds awarded a married person in a civil action for personal injuries are considered community income during the month of receipt and community property if retained past the month of receipt except as provided in Section 44-101(b)(1)(D) and Sections 42-203.431 through .434.

(QR) Funds awarded a married person in a civil action for personal injuries are considered community income during the month of receipt and community property if retained past the month of receipt except as provided in Section 44-101(b)(1)(D)(QR), 42-203.5, and 42-205.3. If these funds are paid as a nonrecurring lump sum payment, then the funds shall be treated as property in accordance with Section 42-209.2(QR).

(c) Section 44-101(c)(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Reasonably Anticipated Income

(QR) (1) Income is reasonably anticipated when the county determines it is reasonably certain that the recipient will receive a specified amount of income during any month of the QR Payment Quarter. This definition applies to both earned and unearned income. See Section 44-315.31(QR).

(d) (Continued)

(1) (Continued)

(e) (Continued)

(1) (Continued)

(2) (Continued)

(A) (Continued)

(B) (Continued)

(C) (Continued)

(D) (Continued)

(E) (Continued)

(F) (Continued)

(3) (Continued)

(A) (Continued)

(B) Benefits (excluding those specified in Section 44-101(e)(1)) accruing as compensation, or reward for service, or as compensation for lack of employment (for example, pensions and benefits, such as veterans benefits).

(C) (Continued)

(D) (Continued)

(E) (Continued)

(f) (Continued)

(1) (Continued)

(A) (Continued)

(B) (Continued)

1. (Continued)

2. (Continued)

(C) (Continued)

(D) (Continued)

(g) (Continued)

(h) (Continued)

(i) (Continued)

(j) (Continued)

(k) (Continued)

(l) Lump Sum Income

Section 44-101(l)(MR) shall become inoperative and Section 44-101(l)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Lump sum income is any income received by an AU which is not recurring regular income. Lump sum income is usually nonrecurring in regard to amount and/or source. Lump sum income includes but is not limited to the following: retroactive social insurance payments, real estate commissions such as from sales, income from freelance work, net proceeds from sale of a crop and bonuses.

(QR) (1) Lump sum nonrecurring payments are considered property under the quarterly reporting/prospective budgeting system (see Section 42-209.2(QR)).

(m) Section 44-101(m)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Income Reporting Threshold (IRT)

(QR) (1) The level of income that triggers the need for a CalWORKs AU to report a mid-quarter change in income.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11265.1, 11265.2, 11265.3, 11450.5, and 11451.5 (Ch. 270, Stats. 1997), Welfare and Institutions Code; Federal Action Transmittal ACF-AT-94-12; 45 CFR 233.20(a)(6)(iii); 45 CFR 233.20(a)(6)(v)(B); Sallis v. McMahan, Sacramento County Superior Court, case no. 364308, January 30, 1991 and 45 CFR 233.20(a)(3)(iv)(B) and (a)(4)(ii)(d).

Amend Section 44-102 to read:

44-102 AVAILABILITY OF INCOME

44-102

.1 Section 44-102.1(MR) shall become inoperative and Section 44-102.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) All income shall be considered currently available during the month received, except:

(QR) All reasonably anticipated income shall be considered to be available to meet the needs of the AU during the QR Payment Quarter and shall be considered when determining eligibility and grant amount, except:

.11 (Continued)

.12 (Continued)

.13 (Continued)

.14 Section 44-102.14(MR) shall become inoperative and Section 44-102.14(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) MONTHLY RECURRING UNEARNED GOVERNMENTAL BENEFITS - Monthly benefits (e.g., Social Security benefits, or Veterans benefits, etc.) shall be considered to be available in the month the payment was intended, rather than actually received, when the income meets the following criteria:

(QR) MONTHLY RECURRING UNEARNED GOVERNMENTAL BENEFITS - Monthly benefits (e.g., Social Security benefits, or Veterans benefits, etc.) shall be considered to be available in the month the payment is reasonably anticipated to be received or is intended for (see Section 44-315.31(QR)), when the income meets the following criteria:

.141 (Continued)

.142 (Continued)

.143 (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11157 (Ch. 270, Stats. 1997), 11265.2, and 11450.5, Welfare and Institutions Code.

Amend Sections 44-111.2 and .472 to read:

44-111 PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION 44-111
AS INCOME (Continued)

.2 Exemption of Earned Income

(See Section 44-101(e) for the definition of earned income.)

.4 Exclusions or Exemptions of Other Payments and Income (Continued)

.47 Child/Spousal Support Disregard (Continued)

.472 Section 44-111.472(MR) shall become inoperative and Section 44-111.472(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When a current child/spousal support payment is directly received by the assistance unit from the absent parent, the first \$50 of such payment is disregarded and the balance of the support payment is considered income to the assistance unit.

(QR) When a current child/spousal support payment is received or reasonably anticipated to be received by the assistance unit directly from the absent parent, the first \$50 of such payment is disregarded and the balance of the support payment is considered income to the AU. (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11008.15, 11265.2, 11280, 11322.6(f)(3), 11157 (Chapter 439, Statutes of 2002), 11450.5, 11450.12, 11451.5, and 11451.7, Welfare and Institutions Code; 42 USC Section 602(g)(1)(E)(i); Section 8, Public Law 93-134; Section 2, Public Law 98-64; Section 13736, Public Law 103-66; Section 1, Public Law 100-286, Section 202(a), Public Law 100-485 and 20 USC 1087uu; 45 CFR 233.20(a)(3)(iv)(B), (a)(3)(xxi), 45 CFR 233.20(a)(4)(ii); (a)(4)(ii)(d); 45 CFR 233.20(a)(4)(ii)(p) and (q); 45 CFR 233.20(a)(11)(v)(C); 45 CFR 255.3(f)(1); Federal Action Transmittals ACF-AT-94-27 and 94-4 and FSA-IM-89-1.

Amend Section 44-113 to read:

44-113 NET INCOME (Continued) 44-113

.2 Earnings (Continued)

.21 Computation of Net Nonexempt Earned Income for CalWORKs

To determine the amount of Net Nonexempt Earned Income for the month, the following steps shall be taken:

.211 Section 44-113.211(MR) shall become inoperative and Section 44-113.211(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Determine the total amount of commissions, wages or salary earned as an employee during or applicable to the month (i.e., total income irrespective of expenses, voluntary or involuntary deductions). To determine total earnings for the month, some earnings may have to be allocated to the month pursuant to Section 44-102. Also, the monetary value of any in-kind earned income per Section 44-115 shall be included. Do not include earnings exempted in entirety under Section 44-111.22.

(QR) Determine the total amount of commissions, wages or salary earned as an employee that the AU reasonably anticipates receiving (see Section 44-101(c)(1)(QR)) during each month of the QR Payment Quarter (i.e., total income irrespective of expenses, voluntary or involuntary deductions). To determine total earnings for each month, some earnings may have to be allocated to each month pursuant to Section 44-102. Also, the monetary value of any in-kind earned income per Section 44-115 shall be included. Do not include earnings exempted in entirety under Section 44-111.22.

.212 Section 44-113.212(MR) shall become inoperative and Section 44-113.212(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Determine the total profit earned from self-employment by an applicant/recipient whose earnings are not exempted under Section 44-111.22 by offsetting the business expenses against the gross income from self-employment. When the computation of total profit earned from self-employment disclosed shows that a loss has occurred, earned income from self-employment shall be zero. No additional offset shall be allowed against the family's other income.

(QR) Determine the total profit reasonably anticipated to be earned from self-employment during each month of the QR Payment Quarter by an

applicant/recipient whose earnings are not exempted under Section 44-111.22 by offsetting the reasonably anticipated monthly business expenses against the reasonably anticipated monthly gross income from self-employment. When the computation of total profit earned in a month from self-employment disclosed shows that a loss has occurred, earned income from self-employment for that month shall be zero. No additional offset shall be allowed against the family's other income.

(a) The applicant or recipient who is self-employed shall choose one of the following deductions:

(1) 40 percent of gross self-employed income, or

(2) Section 44-113.212(a)(2)(MR) shall become inoperative and Section 44-113.212(a)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) verified actual self-employment expenses to the same extent allowed in the Food Stamp Program (Section 63-503.41).

(QR) reasonably anticipated self-employment expenses to the same extent allowed in the Food Stamp Program (Section 63-503.41).

(b) (Continued)

.213 Section 44-113.213(MR) shall become inoperative and Section 44-113.213(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Combine the total earnings for the family determined in Section 44-113.211(MR) with any net self-employment income determined in Section 44-113.212(MR).

(QR) Combine the total monthly earnings for the family determined in Section 44-113.211(QR) with the monthly net self-employment income determined in Section 44-113.212(QR).

.214 Section 44-113.214(MR) shall become inoperative and Section 44-113.214(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Apply, as specified in Section 44-111.23, the \$225 disregard to any disability-based unearned income for the family.

(QR) Apply, as specified in Section 44-111.23, the \$225 disregard to the reasonably anticipated total monthly disability-based unearned income for the family.

.215 Section 44-113.215(MR) shall become inoperative and Section 44-113.215(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Apply any remainder of the \$225 disregard to any earned income for the family determined in Section 44-113.213(MR).

(QR) Apply any remainder of the \$225 disregard to the reasonably anticipated total monthly earned income for the family as determined in Section 44-113.213(QR). (Continued)

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.22 Section 44-113.22(MR) shall become inoperative and Section 44-113.22(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Net Nonexempt Income Computation

Example 1

A nonexempt AU of 3 (a recipient and two children) has gross earned income of \$775 per month, with no other income. The family lives in Region 1.

\$ 775	Earned Income
<u>- 225</u>	\$225 Income Disregard
\$ 550	Subtotal
<u>- 75</u>	50% Earned Income Disregard
\$ 275	Total Net Nonexempt Income

(QR) Net Nonexempt Income Computation

Example 1

A nonexempt AU of three (a parent and two children) has gross monthly earned income of \$775 per month, with no other income. The monthly income is reasonably anticipated to continue at the same amount for the QR Payment Quarter. The family lives in Region 1.

\$ 775	Earned Income
<u>- 225</u>	\$225 Income Disregard
\$ 550	Subtotal
<u>- 275</u>	50% Earned Income Disregard
\$ 275	Total Net Nonexempt Income

HANDBOOK ENDS HERE

.3 Net Income from Social Security, Railroad Retirement Benefits and Other Pensions

.31 Section 44-113.31(MR) shall become inoperative and Section 44-113.31(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Net income from Social Security or from Railroad Retirement Benefits is the actual amount paid to or on behalf of a member of the assistance unit except:

(QR) Net income from Social Security or from Railroad Retirement Benefits is the amount reasonably anticipated to be paid to or on behalf of a member of the assistance unit in the QR Payment Quarter except: (Continued)

.32 Section 44-113.32(MR) shall become inoperative and Section 44-113.32(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Net income from other types of pensions and similar sources is the amount received or, if the individual is required to pay income tax on such income or has other required expenses in receiving such income, net income is the amount received less these expenses.

(QR) Net income from other types of pensions and similar sources is the amount reasonably anticipated to be received in the QR Payment Quarter or, if the individual is required to pay income tax on such income or has other required expenses in receiving such income, net income is the amount received less these expenses.

.4 Unrelated Adults, Including Unrelated Adult Males, Living in the Home

.41 Net income to the Family Budget Unit (FBU) from an unrelated adult living in the home including an Unrelated Adult Male (UAM) is the sum of:

.411 Section 44-113.411(MR) shall become inoperative and Section 44-113.411(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) cash given to the FBU which is available to meet the needs of the FBU and;

(QR) cash reasonably anticipated to be given to the AU in the QR Payment Quarter which is available to meet the needs of the AU and:

.412 Section 44-113.412(MR) shall become inoperative and Section 44-113.412(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) the value of full items of need provided in-kind to the FBU. An item is not considered to be provided in-kind to the FBU if the FBU is receiving this full item of need in exchange for the FBU providing the UAM with a different item. For example, if a UAM and AFDC mother agree that he will pay the rent if she pays their food and utilities, the FBU is not receiving in-kind income for housing.

(QR) the value of full items of need reasonably anticipated to be provided in-kind to the AU in the QR Payment Quarter. An item is not considered to be provided in-kind to the AU if the AU is receiving this full item of need in exchange for the AU providing the UAM with a different item. For example, if a UAM and a CalWORKs mother agree that he will pay the rent if she pays their food and utilities, the AU is not receiving in-kind income for housing.

.42 Section 44-113.42(MR) shall become inoperative and Section 44-113.42(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Cash given to the FBU which is available to meet the needs of the FBU does not include.

(QR) Cash that is reasonably anticipated to be given to the AU in the QR Payment Quarter does not include:

.421 (Continued)

.422 (Continued)

.423 (Continued)

.424 (Continued)

.43 (Continued)

.44 (Continued)

.5 Section 44-113.5(MR) shall become inoperative and Section 44-113.5(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Child/spousal support which is paid to the AU by the absent parent and not forwarded to the county or which is collected by the county and paid to the AU pursuant to Section 82-520.4 shall be considered available income when received except as specified in Section 44-111.47.

(QR) Child/spousal support which is reasonably anticipated to be paid during the QR Payment Quarter to the AU by the absent parent and not forwarded to the county shall be considered available income except as specified in Section 44-111.47.

.6 Refunds of Retirement Contributions

.61 Section 44-113.61(MR) shall become inoperative and Section 44-113.61(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Lump-sum refunds of the employer's share of retirement contributions shall be considered net unearned income in the month received.

(QR) Nonrecurring lump sum refunds of the employer's share of retirement contributions shall be treated as property (see Section 42-209.2(QR)). (Continued)

.62 Section 44-113.62(MR) shall become inoperative and Section 44-113.62(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The interest earned on accumulated retirement contributions shall be treated as income in the month received.

(QR) Recurring interest earned on accumulated retirement contributions shall be treated as income in the month it is reasonably anticipated to be received. If the interest payment is nonrecurring, it shall be treated as property (see Section 42-209.2(QR)).

.7 Death Benefits (Continued)

.8 Income from Payments Which Include Compensation for Converted Property (see Section 44-105)

Section 44-113.8(MR) shall become inoperative and Section 44-113.8(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) That portion of a payment defined in Section 44-105.3 which exceeds the value of the converted property is income. (See Section 44-207.4.)

(QR) That portion of a payment defined in Section 44-105.3 which exceeds the value of the converted property and is recurring in nature is income. If that portion of the payment that

is to be received is nonrecurring it shall be treated as property (see Section 42-209.2(QR)).
(Continued)

.81 (Continued)

.82 (Continued)

.83 (Continued)

.84 (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10063 (Ch. 270, Stats. 1997), 10553, 10554, 10790, 10791, 11008, 11008.19, 11155.3 (Ch. 270, Stats. 1997), 11157 (Ch. 270, Stats. 1997), 11265.1, 11265.2, 11265.3, 11450.5, 11450.12 (Ch. 270, Stats. 1997), and 11451.5 (Ch. 270, Stats. 1997), Welfare and Institutions Code; 45 CFR 233.10; 45 CFR 233.20(a)(3)(ii)(C); 45 CFR 233.20(a)(3)(vi)(A); 45 CFR 233.20(a)(6)(v)(B); 45 CFR 255.3; 45 CFR 233.20(a)(3)(iv)(B); 45 CFR 233.20(a)(3)(xxi); 45 CFR 233.20(a)(4)(ii)(d); 45 CFR 233.20(a)(4)(ii)(p); Darces v. Woods (1984) 35 Cal. 3d 871; and Ortega v. Anderson, Case No. 746632-0 (Alameda Superior Court) July 11, 1995.

Amend Section 44-115 to read:

44-115 EVALUATION OF INCOME IN-KIND (Continued) 44-115

.1 Free Board and Lodging Received During Temporary Absence from Home

.11 Absence One Month or Less

Section 44-115.11(MR) shall become inoperative and Section 44-115.11(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The value of free board and lodging received by a recipient during a temporary absence from his home of not more than one calendar month shall be exempt.

(QR) The value of free board and lodging reasonably anticipated to be received by a recipient during a temporary absence from his/her home of not more than one calendar month shall be exempt.

.12 Absence Exceeds One Month

Section 44-115.12(MR) shall become inoperative and Section 44-115.12(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) After an absence of one month, free board and lodging, i.e., food, shelter and utilities, shall be considered income but only to the extent that continuing allowances in the grant for these items exceed the cost to the recipient of maintaining the home to which he/she expects to return. (W&IC 11009.1.)

(QR) After an absence of one month, free board and lodging, i.e., food, shelter and utilities reasonably anticipated to be received during the QR Payment Quarter, shall be considered income, but only to the extent that continuing allowances in the grant for these items exceed the cost to the recipient of maintaining the home to which he/she expects to return. (Welfare and Institutions Code Section 11009.1.)

.2 Nonneedy Relatives

.21 Evaluation of Income In Kind from Nonneedy Relatives Other Than Natural or Adoptive Parents

Section 44-115.21(MR) shall become inoperative and Section 44-115.21(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Income in kind will only be considered if the nonneedy relative chooses to make a voluntary contribution to the FBU. The county shall determine if the nonneedy relative wishes to contribute income in kind to the support of the child(ren) in his/her care. If he/she does so, the amount of a contribution actually received shall be determined in accordance with Section 44-115.3, In-kind Income Values, and be considered net income to the FBU.

(QR) Income in kind will only be considered if the nonneedy relative chooses to make a voluntary contribution to the AU. The county shall determine if the nonneedy relative wishes to contribute income in kind to the support of the child(ren) in his/her care. If he/she does so, the amount of a contribution reasonably anticipated to be received shall be determined in accordance with Section 44-115.3, In-kind Income Values, and be considered net income to the AU. (Continued)

.3 (Continued)

.32 Section 44-115.32(MR) shall become inoperative and Section 44-115.32(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If the applicant or recipient does not agree with the value arrived at in .31 above, he/she may submit evidence of the value of the item which he/she received in kind. For housing and clothing, the in-kind income shall be the net market value (see Section 42-203.7) of the item received. For utilities and food, the in-kind income value shall be the cost to the person who paid for the item.

If the applicant or recipient presents satisfactory evidence that the value of the item received in kind is other than the value specified in .31 above, such evidence shall be used by the county in determining the value of the item if it is to the recipient's financial advantage. Recipients who are having in-kind income deducted from their grants should be informed that this method of contesting the values established in .31 above exists.

(QR) If the applicant or recipient does not agree with the value arrived at in Section 44-115.31, he/she may submit evidence of the value of the in-kind income item which he/she receives or reasonably anticipates receiving. For housing and clothing, the in-kind income shall be the net market value (see Section 42-203.7) of the item reasonably anticipated to be received. For utilities and food, the in-kind income value shall be the cost to the person who will pay for the item.

If the applicant or recipient presents satisfactory evidence that the value of the item reasonably anticipated to be received in kind is other than the value specified in Section 44-115.31, such evidence shall be used by the county in determining the value of the item if it is to the recipient's financial advantage. Recipients who are having in-kind income deducted from their grants should be informed that this method of contesting the values established in Section 44-115.31 exists. (Continued)

Authority Cited: Sections 10553, 10554, 11450, 11452.018, and 11453, Welfare and Institutions Code.

Reference: Sections 11265.8, 11253.5, 11265.2, 11450, 11450.015, 11450.4(c), 11450.5, 11452, 11452.018, 11453, and 11486, Welfare and Institutions Code; and Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992.

- 1) Amend Handbook Section 44-133.54 to read:
- 2) Delete Handbook Section 44-133.54 Example 4(QR) to read:

44-133 TREATMENT OF INCOME -- CALWORKS (Continued)

44-133

.5 Income and Needs in Cases in Which a Person is Excluded (Continued)

HANDBOOK BEGINS HERE

.54 (Continued)

Handbook Section 44-133.54(MR), Examples 2 and 3, shall become inoperative and Handbook Section 44-133.54(QR), Examples 2, 3, and 4 shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 2: Family with Ineligible Alien Members and Stepparent with No Income

Mother of two children has earnings of \$600 per month. One of the children is her citizen child and the other is her ineligible alien child with deprivation. Mother receives direct child support in the amount of \$85 per month for the ineligible alien child. Also in the home is the ineligible alien spouse of the mother. The spouse does not have any income. The family lives in Region 1 and does not have exempt status.

Applicant Eligibility Determination

\$ 600	Earned Income of Mother
<u>- 90</u>	Applicant Earned Income Disregard
\$ 510	Subtotal
<u>+ 85</u>	Unearned Income of Ineligible Alien Child
\$ 595	Total Net Nonexempt Income
\$ 595	Less than the \$920 Region 1 Nonexempt Family MBSAC for Four. (Family passes Applicant Test.)

Recipient Financial Eligibility Test

\$ 600	Earned Income of Mother
<u>- 225</u>	Income Disregard
\$ 375	Subtotal
<u>- 187.50</u>	50% Earned Income Disregard
\$ 187	Net Nonexempt Earned Income
<u>+ 85</u>	Unearned Income of Ineligible Alien Child
\$ 272	Total Net Nonexempt Income (Rounded Down)

\$ 272 Less than \$728 Region 1, Nonexempt Family MAP for Four.
(Family passes Financial Eligibility Test.)

Grant Computation

\$ 728	Region 1, Nonexempt Family MAP for Four
<u>- 272</u>	Total Net Nonexempt Income
\$ 456	Potential Grant

\$ 493 MAP for AU of Two (Includes Mother and Citizen Child)

\$ 456 Aid Payment is the Lesser of the Potential Grant or MAP for the AU.

(QR) Example 2: Family with Ineligible Non-Citizen Members and Stepparent with No Income

Mother of two children has earnings of \$600 per month and the income is reasonably anticipated to continue at this amount for the QR Payment Quarter. One of the children is her citizen child and the other is her ineligible non-citizen child with deprivation. Mother receives direct child support in the amount of \$85 per month for the ineligible non-citizen child. Also in the home is the ineligible non-citizen spouse of the mother. The spouse does not have any income. The family lives in Region 1 and does not have exempt status.

Applicant Eligibility Determination

\$ 600	Actual Earned Income of Mother
<u>- 90</u>	Applicant Earned Income Disregard
\$ 510	Subtotal
<u>+ 85</u>	Unearned Income of Ineligible Non-Citizen Child
\$ 595	Total Net Nonexempt Income

\$ 595 Less than the \$1,008 Region 1 Nonexempt Family MBSAC for Four (family passes applicant test)

Recipient Financial Eligibility Test

\$ 600	Monthly Earned Income of Mother
<u>- 225</u>	Income Disregard
\$ 375	Subtotal
<u>- 187.50</u>	50% Earned Income Disregard
\$ 187	Net Nonexempt Earned Income
<u>+ 85</u>	Unearned Income of Ineligible Non-Citizen Child
\$ 272	Total Net Nonexempt Income (rounded down)
\$ 272	Less than \$839 Region 1, Nonexempt Family MAP for Four (family passes financial eligibility test)

Grant Computation

\$ 839	Region 1, Nonexempt Family MAP for Four
<u>- 272</u>	Total Net Nonexempt Income
\$ 567	Potential Grant
\$ 568	MAP for AU of Two (includes mother and citizen child)
\$ 567	Aid Payment is the Lesser of the Potential Grant or MAP for the AU

(MR) Example 3: Family with Ineligible Alien Members and Stepparent with Income and Excluded Dependents

Recipient mother receives aid for herself and one child. The mother has \$600 gross earnings. Also living in the home is: 1) the ineligible alien spouse of the aided parent; 2) the aided mother's ineligible alien child in common with no deprivation; 3) the aided mother's citizen child in common who has no deprivation; and 4) a separate ineligible alien child of the spouse. The spouse has \$375 earned income. The family is nonexempt and lives in Region 1.

Eligibility/Grant Computation

Step 1	\$975	Family's Gross Earned Income
	<u>-225</u>	\$225 Income Disregard
	\$750	Subtotal
	<u>-375</u>	50% Earned Income Disregard
	\$375	Net Earned Income
	\$375	Total Family Net Nonexempt Income
Step 2	\$931	Family MAP for Six (All excluded dependents of the stepparent are included, regardless of deprivation since the stepparent's income is used.)
	<u>-375</u>	Total Family Net Nonexempt Income

	\$556	Potential Grant
Step 3	\$493	AU MAP for Two
	\$556	Potential Grant
	\$493	Aid Payment (Lesser of AU MAP or Potential Grant)

(QR) Example 3: Family with Ineligible Non-citizen AU Members and Stepparent with Income and Excluded Dependents

Recipient mother receives aid for herself and one child. The mother has earnings of \$600 per month that is reasonably anticipated to continue at the same amount during the QR Payment Quarter. Also living in the home are: 1) the ineligible non-citizen spouse of the aided parent; 2) the aided mother's ineligible non-citizen child in common with no deprivation; 3) the aided mother's citizen child in common who has no deprivation; and 4) a separate ineligible non-citizen child of the spouse. The spouse has \$375 per month earned income that is reasonably anticipated to continue at the same level during the QR Payment Quarter. The family is nonexempt and lives in Region 1.

Eligibility/Grant Computation

Step 1	\$ 975	Family's Monthly Earned Income
	<u>- 225</u>	\$225 Income Disregard
	\$ 750	Subtotal
	<u>- 375</u>	50% Earned Income Disregard
	<u>\$ 375</u>	Net Earned Income
	<u>\$ 375</u>	Total Family Net Nonexempt Income
Step 2	<u>\$1,072</u>	Family MAP for Six (All excluded dependents of the stepparent are included, regardless of deprivation since the stepparent's income is used.)
	<u>- 375</u>	Total Family Net Nonexempt Income
	<u>\$ 697</u>	Potential Grant

Step 3	\$568	AU MAP for Two
	\$697	Potential Grant
	\$568	Aid Payment (lesser of AU MAP or potential grant)

(QR) Example 4:

~~A mother and two children are in the April, May, June quarter. Mother submits the QR 7 due in June, which indicates that Mother will lose her job August 15. The AU anticipates in July she will receive \$300 for one pay period, and \$400 for the next pay period. She anticipates in August that she will receive a final check of \$200. She doesn't anticipate any income for September. The AU is nonexempt living in Region 1.~~

~~Monthly Income Computation~~

\$700	July Monthly Income
\$200	August Monthly Income
\$ 0	September Monthly Income
\$900	

\$300	\$900 Divided by Three (the number of months in the QR Payment Quarter)
------------------	--

~~Eligibility/Grant Computation~~

Step 1	\$300	Family's Monthly Average Earned Income
	-225	\$225 Income Disregard
	\$ 75	Subtotal
	-37.5	50% Earned Income Disregard
	\$ 37.5	Net Earned Income
	\$ 37	Total Family Net Nonexempt Income (rounded)
Step 2	\$563	Family MAP for Three
	-37	Total Family Net Nonexempt Income
	\$526	Aid Payment

HANDBOOK ENDS HERE

.55 (Continued)

Authority Cited: Sections 10553, 10554, 10604, and 11369, Welfare and Institutions Code.

Reference: Sections 10063, 10553, 10554, 10604, 11008.14, 11254, 11320.15, 11450, 11452, 11453, 11486, 18937, 18940, and 11371, Welfare and Institutions Code; 45 CFR 205.50(a)(1)(i)(A); 45 CFR 233.20(a)(1)(i); 45 CFR 233.20(a)(3)(ii)(C), (a)(3)(vi)(B), (a)(3)(xiv), (a)(3)(xiv)(B), and (xviii); 45 CFR 233.50(A)(c); and 45 CFR 233.90(c)(2)(i); Family Support Administration Action Transmittal 91-15 (FSA-AT-91-15), dated April 23, 1991; and Omnibus Budget Reconciliation Act (OBRA) of 1990; U.S. Department of Health and Human Services Federal Action Transmittal No. FSA-AT-91-4 dated February 25, 1991; *Simpson v. Hegstrom*, 873 F.2d 1294 (1989); *Ortega v. Anderson*, Case No. 746632-0 (Alameda Superior Court) July 11, 1995; and Federal Register, Vol. 58, No. 182, pages 49218 - 20, dated September 22, 1993; 8 U.S.C. 1631; and 42 U.S.C. 602(a)(39).

- 1) Amend Section 44-205 to read:
- 2) Amend Section 44-205.122(a)(QR) to read:

44-205 ESTABLISHING THE AU

44-205

.1 Aid Based on Pregnancy

.11 (Continued)

.12 The application for aid based on pregnancy and/or the application for the pregnancy special need is considered an application for the "family". In addition to the pregnant woman, the family includes the following:

.121 The unborn, when born and living with the mother.

(a) Section 44-205.121(a)(MR) shall become inoperative and Section 44-205.121(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) The otherwise eligible newborn shall be added to the assistance unit effective the date the newborn joins the assistance unit and meets the conditions of eligibility.

(QR) The otherwise eligible newborn shall be added to the assistance unit effective the first of the month following the month in which the birth was reported if it results in an increase in cash aid and all conditions of eligibility have been met and verification has been provided.

HANDBOOK BEGINS HERE

Handbook Section 44-205.121(a)(MR) shall become inoperative and Handbook Section 44-205.121(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) In most cases the effective date of including the needs of the newborn will be the date of birth.

(QR) In most cases, the effective date of including the needs of the newborn will be the first of the month following the month in which the birth was reported.

HANDBOOK ENDS HERE

.122 (Continued)

(a) Section 44-205.122(a)(MR) shall become inoperative and Section 44-205.122(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The unaided father shall be added to the assistance unit effective the date the father meets all eligibility requirements, on or after the date the child is born.

(QR) The unaided father shall be added to the AU effective the first of the month following the month in which the birth was reported if adding him results in an increase to cash aid and all conditions of eligibility have been met and verification has been provided. If adding him results in a decrease, the father shall be added to the AU in the following quarter, if all conditions of eligibility have been met and verification provided, pursuant to Section 44-318.16(QR)).

.7 Section 44-205.7(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Separate FBU

(MR) .71 A separate FBU for an otherwise eligible person(s) whose needs were not considered in the lump-sum computation may be established when the existing FBU is in the period of ineligibility resulting from receipt of lump-sum income.

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: 42 USC 602(a)(19)(G)(i)(I); 54 FR 42172 (October 13, 1989); 45 CFR 206.10(a)(1)(vii) and 250.34(c)(3); Federal Action Transmittal SSA-AT-86-01, Sections 10553, 10554, 10604, 11265.1, 11265.2, 11265.3, 11327.5(c)(3), 11450(b), and 11450.5, Welfare and Institutions Code; and Simon v. McMahan, Stipulation for Dismissal and Order, April 21, 1989, Contra Costa Superior Court, No. 272468.

Amend Section 44-207 to read:

44-207 INCOME ELIGIBILITY (Continued) 44-207

.2 The following financial eligibility test shall be applied to both applicant and recipient cases.

.21 Section 44-207.21(MR) shall become inoperative and Section 44-207.21(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) The AU is financially eligible for any month in which on the first of the month the combined actual or estimated net nonexempt income, after the income and needs of the family are considered (pursuant to Sections 44-133 and 44-315.3), is less than the Maximum Aid Payment (MAP) for the AU.

(QR) The AU is financially eligible as follows:

(QR) .211 An AU is financially eligible for the QR Payment Quarter if the family's combined reasonably anticipated monthly net non-exempt income for the quarter, after the income and needs of the family are considered (pursuant to Sections 44-133(QR) and 44-315.3(QR)), is less than the MAP for the AU.

(QR) .212 A recipient AU will remain financially eligible during the QR Payment Quarter if the family's combined monthly net non-exempt income does not exceed the family's MAP level for more than one month of the QR Payment Quarter in accordance with Section 44-316.324(QR). (Continued)

.23 Section 44-207.23(MR) shall become inoperative and Section 44-207.23(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Financial eligibility shall be determined on the basis of actual net nonexempt income or a reasonable estimate of net nonexempt income expected to be received during the month. Such an estimate must be based on all relevant information available to the county and the recipient. To determine financial eligibility in a retrospectively budgeted month, estimated income shall not include the anticipated receipt of a regular and periodic extra paycheck. An Assistance Unit which received aid for a month based on a reasonable estimate of net nonexempt income shall not later be considered financially ineligible if actual net nonexempt income exceeds the estimate.

(QR) Once financial eligibility is established for the QR Payment Quarter, financial eligibility continues for the AU for the entire QR Payment Quarter unless the family's income exceeds the IRT (see Section 44-316.324(QR)) and the family's reasonably anticipated monthly income for the remainder of the QR Payment Quarter exceeds the MAP for the AU.

.24 Section 44-207.24(MR) shall become inoperative and Section 44-207.24(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If aid is discontinued because estimated net nonexempt income is expected to result in financial ineligibility and this amount of income is not actually received, the county shall rescind the discontinuance and issue the correct grant.

(QR) If aid is discontinued because the monthly reasonably anticipated income is expected to result in financial ineligibility for the QR Payment Quarter and the AU reports that the monthly reasonably anticipated income will no longer exceed the MAP amount for the AU prior to the effective date of the discontinuance, the county shall rescind the discontinuance if the county determines the updated report is a reasonable estimate.

.25 (Continued)

.3 Section 44-207.3(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Treatment of Lump Sum Income

(MR) This section sets forth the methods used for treating lump sum income.

(MR) .31 Lump sum income received by any person whose income would be used in computing eligibility and grant shall be regarded as income in the month received and then regarded as property in subsequent months. (See Section 42-211.)

Authority Cited: Sections 10553, 10554, 11450, and 11453, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11017, 11157 (Ch. 270, Stats. 1997), 11255, 11265.1, 11265.2, 11265.3, 11280, 11450.5, 11450.12 (Ch. 270, Stats. 1997), 11450.13

(Ch. 270, Stats. 1997), and 11451.5 (Ch. 270, Stats. 1997), Welfare and Institutions Code; 45 CFR 206.10(a)(1)(vii); 45 CFR 233.20(a)(2)(i) and (xiii); (a)(3)(ii)(F), (a)(3)(vi)(B), (a)(3)(xiv), and (a)(3)(xiv)(B); and Darces v. Woods (1984) 35 Cal. 3d 871; Petrin v. Carlson Court Order, Case No. 638381, May 12, 1993; Rutan v. McMahan, Case No. 612542-L (Alameda Superior Court) February 19, 1988; Letter from Department of Health and Human Services (DHSS), December 5, 1990; Johnson v. Carlson Stipulated Judgement; Ortega v. Anderson, Case No. 746632-0 (Alameda Superior Court) July 11, 1995; Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992; Federal Terms and Conditions for the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services on March 9, 1994; United States Department of Health and Human Services, Office of Family Assistance, Aid to Families with Dependent Children Action Transmittal No. ACF-AT-95-10 dated September 19, 1995; and Letters from the Department of Health and Human Services, Administration for Children and Families, dated February 29, 1996, March 11, 1996, and March 12, 1996.

- 1) Amend Sections 44-211.11, .2, .631, .632, .633, and .641 to read:
- 2) Amend Sections 44-211.1 (QR), 631(QR), and .641(QR) to read:

44-211 SPECIAL NEEDS IN CALWORKS

44-211

.1 General

.11 Section 44-211.11(MR) shall become inoperative and Section 44-211.11(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A special need is a need not common to a majority of recipients for certain goods or services which are essential for their support. The county is responsible for assisting the applicant or recipient in identifying any special needs which he/she may have. In order to meet this responsibility, the county shall give the applicant or recipient a clear explanation of the types of special need allowances which are available, and of the procedure for securing payment for those needs.

(QR) A special need is a need not common to a majority of recipients for certain goods or services which are essential for their support. The county is responsible for assisting the applicant or recipient in identifying any special needs which he/she may have. In order to meet this responsibility, the county shall give the applicant or recipient a clear explanation of the types of special need allowances which are available, and of the procedure for securing payment for those needs. See Section 44-316.3142(d)(QR).

.2 Recurring Special Needs

Section 44-211.2(MR) shall become inoperative and Section 44-211.2(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A recurring special need is a special need for one of the items set forth below which results in added cost to the family and which is expected to occur during two or more months in a calendar year.

(MR) The allowance for a recurring special need cannot exceed the actual increase in costs to the family as a result of the special need. Actual costs must be verified monthly on the CA 7 except that if special need allowance guidelines established below are utilized, the county may authorize payment at the rate indicated without verification of actual cost. However, the special need must be resubstantiated at least annually upon redetermination of eligibility and may be required more often considering the type of need and potential for change.

(MR) The total allowance which is available for each FBU per month for all recurring special needs shall not exceed the amount resulting from multiplying \$10 by the number of persons in the FBU.

(QR) A recurring special need is a special need for one of the items set forth below which results in added cost to the family and which is expected to occur during two or more months in a calendar year.

(QR) The allowance for a recurring special need cannot exceed the actual increase in costs to the family as a result of the special need. Actual costs must be verified quarterly on the QR 7 except that if special need allowance guidelines established below are utilized, the county may authorize payment at the rate indicated without verification of actual cost. However, the special need must be resubstantiated at least annually upon redetermination of eligibility and may be required more often considering the type of need and potential for change.

(QR) The total allowance which is available for each AU per month for all recurring special needs shall not exceed the amount resulting from multiplying \$10 by the number of persons in the AU. (Continued)

.6 Pregnancy Special Needs (Continued)

.63 Eligible Applicants

.631 Section 44-211.631(MR) shall become inoperative and Section 44-211.631(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A pregnant woman with no eligible children who has applied for CalWORKs, is in her third trimester, and is eligible to receive CalWORKs shall be entitled to receive the pregnancy special need payment from the date of application through the month of birth.

(QR) A pregnant woman with no eligible children who has applied for CalWORKs, is in her third trimester, and is eligible to receive CalWORKs shall be entitled to receive the pregnancy special need payment from the date of application through the end of the quarter in which the child is expected to be born once required verification has been provided. If the birth of the child is voluntarily reported mid-quarter, the pregnancy special need payment shall be discontinued at the end of the month prior to the month in which the newborn is added into the AU (see Sections 44-316.3142(d)(QR) and 44-318.15(QR)).

.632 Section 44-211.632(MR) shall become inoperative and Section 44-211.632(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A pregnant teen with no other eligible children in an AU of one who is under the age of 19, has not obtained a high school diploma or its equivalent and is otherwise eligible to receive CalWORKs, shall receive the pregnancy special need payment from the date of application through the month of birth.

(QR) A pregnant teen with no other eligible children in an AU of one who is under the age of 19, has not obtained a high school diploma or its equivalent and is otherwise eligible to receive CalWORKs, shall receive the pregnancy special need payment from the date of application through the end of the quarter in which the child is expected to be born once required verification has been provided. If the birth of the child is voluntarily reported mid-quarter, the pregnancy special need payment shall be discontinued at the end of the month prior to the month in which the newborn is added into the AU (see Section 44-316.314(QR)).

.633 Section 44-211.633(MR) shall become inoperative and Section 44-211.633(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A pregnant woman who has applied for CalWORKs as part of an assistance unit with other eligible persons or was the caretaker of a person in accordance with Section 82-820.22 and who is eligible shall be entitled to receive the pregnancy special need payment from the date of application through the month of birth.

(QR) A pregnant woman who has applied for CalWORKs as part of an AU with other eligible persons or was the caretaker of a person in accordance with Section 82-820.22 and who is eligible shall be entitled to receive the pregnancy special need payment from the date of application through the end of the quarter in which the child is expected to be born once required verification has been provided. If the birth of the child is voluntarily reported mid-quarter, the pregnancy special need payment shall be discontinued at the end of the month prior to the month in which the newborn is added into the AU (see Section 44-316.314(QR)).

.64 Eligible Recipients

.641 Section 44-211.641(MR) shall become inoperative and Section 44-211.641(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The pregnancy special need payment for a pregnant woman who is receiving CalWORKs in an assistance unit with eligible persons shall be granted from the first of the month in which the county received the medical verification through the month of birth.

(QR) The pregnancy special need payment for a pregnant woman who is receiving CalWORKs in an AU with eligible persons shall be granted from the month of the request continuing through the end of the quarter in which the child is expected to be born or the end of the month prior to the newborn being added to the AU, pursuant to Section 44-318.15(QR), once required verification has been provided.

.642 Section 44-211.642(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) The recipient is only required to verify pregnancy initially (when the pregnancy is reported) and when the pregnancy continues beyond the originally estimated date of birth.

HANDBOOK BEGINS HERE

.65 (Continued)

HANDBOOK ENDS HERE

Authority Cited: Sections 10553, 10554, 11209, and 11450(g), Welfare and Institutions Code; and Statutes of 1995, Chapter 307, Section 24 (AB 908).

Reference: Sections 11056, 11265.1, 11265.2, 11265.3, 11266(a)(2), 11271, 11272, 11273, and 11273(b), 11450(a)(1), (b), and (c), 11450(f)(2)(A)(i), 11450(f)(2)(C), 11450(f)(2)(E)(i), (ii) and (iii), 11450.5, 11452.018(a), and 11453.2, Welfare and Institutions Code; 45 CFR 206.10(a)(1)(ii), 45 CFR 206.10(a)(8), 45 CFR 233.10(a)(1)(iv), 45 CFR 233.20(a)(2)(v)(A), 45 CFR 234.11, 45 CFR 234.60, and 45 CFR 234.60(a)(2)-(11); and 42 U.S.C.A., Section 606(b).

Amend Sections 44-304.511, .512, and .52 to read:

44-304 AID PAYMENT SCHEDULES (Continued)

44-304

.5 Standard Delivery Dates

.51 Semimonthly Delivery

The county shall deliver ongoing payments as follows when the county has selected semimonthly delivery:

.511 First Warrant

Section 44-304.511(MR) shall become inoperative and Section 44-304.511(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)

The county shall place the first warrant in the mail or forward the first direct deposit electronic fund transfer in time to be available to the recipient by the first day of the payment month unless the county received the completed CW 7 after the tenth day prior to the end of the report month.

(MR)

If the completed CW 7 is received after the tenth day prior to the end of the report month, but on or before the first day of the payment month, the county shall not delay the payment and shall place the warrant the mail If the completed CW 7 is received after the tenth day prior to the end of the report month, but on or before the first day of the payment month, the county shall not delay the payment and shall place the warrant in the mail or forward the first direct deposit electronic fund transfer in time to be available to the recipient by the first calendar day of the payment month if possible, but not later than the tenth calendar day of the payment month.

(QR) First Warrant

The county shall place the first warrant in the mail or forward the first direct deposit electronic fund transfer in time to be available to the recipient by the first day of each month of the QR Payment Quarter unless the county received the completed QR 7 after the tenth day prior to the end of the QR Submit Month.

If the completed QR 7 is received after the tenth day prior to the end of the QR Submit Month, but on or before the first day of the next QR Payment Quarter, the county shall not delay the payment and shall place the warrant in the mail or forward the first direct deposit electronic fund transfer in time to be available to the recipient by the first calendar day of the first month of the next QR Payment Quarter if possible, but no later than the tenth calendar day of the first month of the next QR Payment Quarter.

.512 Second Warrant

Section 44-304.512(MR) shall become inoperative and Section 44-304.512(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)

The county shall place the second warrant in the mail or forward the direct deposit electronic fund transfer in time to be available to the recipient by the 15th calendar day of the payment month.

(QR)

The county shall place the second warrant in the mail or forward the direct deposit electronic fund transfer in time to be available to the recipient by no later than the 15th calendar day of each month of the QR Payment Quarter.

.52 Monthly Delivery

Section 44-304.52(MR) shall become inoperative and Section 44-304.52(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)

The county shall place the warrant in the mail or forward the direct deposit electronic fund transfer in time to be available to the recipient by the first calendar day of the payment month unless the completed CW 7 is received after the tenth day prior to the end of the report month.

If the completed CW 7 is received after the tenth day prior to the end of the report month, but on or before the first day of the payment month, the county shall not delay the payment and shall place the warrant in the mail or forward the direct deposit electronic fund transfer in time to be received by the first day of the payment month if possible, but not later than the tenth day of the payment month.

(QR)

The county shall place the warrant in the mail or forward the direct deposit electronic fund transfer in time to be available to the recipient by the first calendar day of each month of the QR Payment Quarter unless the completed QR 7 is received after the tenth day prior to the end of the QR Submit Month.

If the completed QR 7 is received after the tenth day prior to the end of the QR Submit Month, but on or before the first day of the next QR Payment Quarter, the county shall not delay the payment and shall place the warrant in the mail or forward the direct deposit electronic fund transfer in time to be received by the first day of the first month of the next QR Payment Quarter if possible, but not later than the tenth day of the first month of the next QR Payment Quarter.
(Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10063(a), 10072, 10553, 10554, 11006.2, 11251.3, 11265.1, 11453.2, 11455 and 17012.5, Welfare and Institutions Code; 45 CFR 206.10(a)(6)(D); 45 CFR 233.23; 45 CFR 233.29(a)-(d); 45 CFR 233.31(b)(4); 45 CFR 233.32; and Balderas v. Woods Court Order.

Amend Section 44-305.231 to read:

44-305 AID PAYMENTS - PAYEE AND DELIVERY (Continued) 44-305

.2 Alternate Payment System (Continued)

.23 Aid payments to CalWORKs families residing in counties with approved semimonthly alternate payment systems shall be made in two installments during the payment period as follows:

.231 Section 44-305.231(MR) shall become inoperative and Section 44-305.231(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The county shall issue the first aid payment by mail or forward the direct deposit electronic fund transfer in time to be available to the recipient by the first day of the assigned payment period, unless the county received the completed CW 7 after the tenth day prior to the end of the assigned report period. If the CW 7 is received after the tenth day prior to the end of the assigned report period, but on or before the first day of the assigned payment period, the county shall not delay the payment and shall issue the first aid payment in time to be available to the recipient by the first day of the assigned payment period if possible, but not later than the tenth day of the assigned period.

(QR) The county shall issue the first aid payment by mail or forward the direct deposit electronic fund transfer in time to be available to the recipient by the first day of each month of the assigned QR Payment Quarter, unless the county received the completed QR 7 after the tenth day prior to the end of the assigned QR Submit Month. If the QR 7 is received after the tenth day prior to the end of the assigned QR Submit Month, but on or before the first day of the next assigned QR Payment Quarter, the county shall not delay the payment and shall issue the first aid payment in time to be available to the recipient by the first day of the next assigned QR Payment Quarter if possible, but not later than the tenth day of the first month of the next assigned QR Payment Quarter.
(Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10063(a), 11006.2, 11254, and 11256.1, Welfare and Institutions Code; 45 CFR 233.29, 45 CFR 233.31(b)(4) and 45 CFR 233.32.

- 1) Amend Section 44-313 to read:
- 2) Amend Sections 44-313.11(QR) et seq. and .41(QR) to read:

44-313 BUDGETING METHODS FOR AFDC-FG/U

44-313

Section 44-313(MR), Introductory Paragraphs, shall become inoperative and Section 44-313(QR), Introductory Paragraphs, shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Budgeting is the activity used to compute the aid payment for a month for which eligibility exists (known as the payment month) using net nonexempt income, see Chapter 44-100, received in a corresponding month (known as the budget month). The two types of budgeting methods are prospective and retrospective. Under prospective budgeting, the budget month and the payment month are the same month. Under retrospective budgeting, the budget month is the second month prior to the payment month.

(MR) Budgeting is an activity separate from the determination of eligibility. All eligibility factors, including income eligibility, see Section 44-207, are considered on a prospective basis.

(MR) This section defines prospective and retrospective budgeting and specifies the appropriate method for various situations.

(MR) For the appropriate budgeting method to be used when an individual is added to or deleted from an existing assistance unit, see Section 44-313.4.

(QR) Budgeting is the activity used to compute the aid payments for a QR Payment Quarter for which eligibility exists using net nonexempt income, (see Chapter 44-100) that is reasonably anticipated to be received in the QR Payment Quarter. The budgeting method used is prospective budgeting.

(QR) Budgeting is an activity separate from the determination of eligibility. All eligibility factors, including income eligibility (see Section 44-207 and 44-316.324(QR)), are considered on a prospective basis.

.1 Prospective Budgeting

.11 Section 44-313.11(MR) shall become inoperative and Section 44-313.11(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Prospective budgeting is the method of computing an aid payment for a month using an estimate of the income reasonably expected to be received in that month. The estimate shall be based on the county's knowledge of past and current income and reasonable expectation of future income.

(QR) Prospective budgeting is the method of computing an aid payment for a QR Payment Quarter using ~~an estimate of the income that is~~ reasonably anticipated to be received in that quarter (see Section 44-315.31(QR)) except for those mid-quarter changes where actual income is used as specified in Section 44-316.311(QR).

.111 Section 44-313.111(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Income from the QR Data Month, anticipated changes in income from the QR 7 and mid-quarter income changes as specified in Section 44-316 shall be considered when determining eligibility and cash aid for a QR Payment Quarter. Documentation shall be entered in the case that explains how income was projected in determining cash aid calculations. Case narrative entries shall include, but are not limited to, the following:

(a) Income the recipient reports that he/she expects to receive in the QR Payment Quarter.

(b) Whether reasonably anticipated income will be different than income that the recipient reported receiving for the QR Data Month as reported on the QR 7.

(c) Documentation of the reasons for not accepting the recipient's reasonably anticipated income if the information is questionable.

(d) Other information used to determine what income will be used in the cash aid calculations (verifications, employers' statements, case history, etc.) if the recipient's reasonably anticipated income is not used.

.12 Prospective budgeting shall be used to compute:

.121 Section 44-313.121(MR) shall become inoperative and Section 44-313.121(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The grant for the first and second months that AFDC is granted following a new application or reapplication, see Sections 40-103.41 and .43.

(MR) Example:

If the first month of aid is October, the aid payments for October and November are computed using estimates of income reasonably expected to be received in October and November.

(QR) The CalWORKs grant for each month in a QR Payment Quarter.

.122 Section 44-313.122(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The grant for the first and second payment months of AFDC when aid is restored (see Section 40-103.42) following a break in aid of one calendar month or more.

.123 Section 44-313.123(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When aid is restored following a suspension, see Section 44-315.6.

(MR) Example:

If aid is discontinued March 31, and aid is restored to be effective anytime in May, the aid payments for May and June are computed using estimates of income reasonably expected in May and June.

.2 Section 44-313.2(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Retrospective Budgeting

(MR) .21 Retrospective budgeting is the method used to compute the AFDC grant for a month using income received in the second month prior to the payment month. Income information shall be obtained from the Monthly Eligibility Report (CA 7).

(MR) .22 Retrospective budgeting is the method used to compute:

(MR) .221 The AFDC grant for the third and subsequent payment months, except that income from the budget month which was considered prospectively for any payment month and is not of a continuous nature shall not be counted, see Section 44-313.3(MR).

(MR) .222 The AFDC grant for the month following a suspension as required by Section 44-315.6.

(MR) .223 The AFDC grant for the month in which aid is restored following a break in aid of less than a calendar month provided:

(MR) (a) The assistance unit received an aid payment, received a zero grant, or would have received an aid payment except for the restriction on grants of less than \$10, for the immediately preceding two payment months; or

(MR) (b) The assistance unit was suspended in either of the two payment months immediately preceding discontinuance and retrospective budgeting was or is required by Section 44-315.6 where aid was or is restored following the suspension.

(MR) Example:

(MR) If aid is discontinued effective March 31, and aid is restored to be effective anytime in April, the grant for April is computed using income received in February, the grant for May is computed using income received in March, etc.

.3 Section 44-313.3(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Income of a Continuous Nature

(MR) .31 For the third and fourth payment periods, the income already used to compute the grant for the first and second payment periods which is not of a continuous nature shall not be counted.

.4 Budgeting the Income of Individuals Added to or Deleted from an Existing Assistance Unit

.41 Sections 44-313.41(MR) et seq. shall become inoperative and Section 44-313.41(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The income of an eligible individual added to an existing assistance unit shall be budgeted prospectively for the first two payment months except in the following circumstances:

(QR) The income of a new person who is added to an existing AU shall be budgeted prospectively in accordance with Section 44-316.312(b)(QR) for each month of the QR Payment Quarter.

(MR) .411 When aid is restored following a break in aid from that assistance unit when the break in aid is less than one calendar month, retrospective budgeting shall continue. See Section 44-313.223(MR).

(MR) .412 When the added individual's income has been considered when determining the assistance unit's eligibility for the two months immediately preceding the beginning date of aid, retrospective budgeting shall be used.

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(MR) EXAMPLE:

Situation: The assistance unit is in retrospective budgeting. An unaided stepparent has income deemed to the assistance unit in December and January. The stepparent is added to the assistance unit on the first day of February, and remains eligible in subsequent months.

Budgeting: Retrospectively budget the stepparent's income deemed to the assistance unit in December to the February payment month. Retrospectively budget the stepparent's income deemed in January to the March payment month. Retrospectively budget all the stepparent's net nonexempt income received in February to the April payment month.

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- (MR) .413 When the added individual's income has been considered when determining the assistance unit's eligibility for only the first month immediately preceding the beginning date of aid, his/her income shall be retrospectively budgeted in the second month of aid.

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(MR) EXAMPLE:

Situation: The assistance unit is in retrospective budgeting. A second parent moves into the home in January and applies for aid. Eligibility conditions are met at the end of January. The second parent is added to the assistance unit effective the first of February, and remains eligible in subsequent months.

Budgeting: Compute the second parent's income considered available to the assistance unit in January according to 44-133.3, and retrospectively budget this amount to the March payment month. Prospectively budget the second parent's net nonexempt income expected to be received in February to the February payment month. In addition, retrospectively budget the second parent's net nonexempt income received in February to the April payment month, if the income is of a continuous nature. (See Section 44-313.3(MR).) Retrospectively budget the second parent's net nonexempt income received in March to the May payment month.

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- .42 Section 44-313.42(MR) shall become inoperative and Section 44-313.42(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) The income received during the budget month by an individual deleted from an assistance unit shall not be considered income to the assistance unit for retrospective

budgeting in any payment month following his or her discontinuance except in the following circumstance:

(QR) The income of an individual deleted from an AU shall not be considered income to the AU for budgeting purposes in any month(s) following his or her discontinuance except in the following circumstance:

.421 Section 44-313.421(MR) and Handbook Section 44-313.421(MR) shall become inoperative and Section 44-313.421(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the person remains in the home following discontinuance and has income which is considered available to the assistance unit under Section 44-133, retrospective budgeting shall continue.

(QR) When the person remains in the home following discontinuance and has income which is considered available to the AU under Section 44-133, prospective budgeting shall continue.

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(MR) EXAMPLE 1

A child with income moves from the home in July. The child's needs are not considered for eligibility in August. Therefore, his/her June income is not considered when computing the grant paid in August.

(MR) EXAMPLE 2

Situation: The assistance unit is in retrospective budgeting, and in January and prior months consisted of stepfather, mother and her separate child. Stepfather begins working full time and is removed from the assistance unit as of February 1. The stepfather remains in the home, and his income is deemed to the assistance unit according to 44-133.6 in February and subsequent months.

Budgeting: Retrospectively budget all the net nonexempt income received in November by the three-person assistance unit to the January payment month. Retrospectively budget all the net nonexempt income received in December by the three-person assistance unit to the February payment month. Retrospectively budget all of the net nonexempt income received in January by the three-person assistance unit to the March payment month. Retrospectively budget the net nonexempt income received in February by the two-person assistance unit, including the income deemed from the stepparent in February, to the April payment month. Note: This budgeting method is used even when the stepparent's income is not actually considered available to the family

because the stepparent's needs and other deductions allowed under 44-133.6 are greater than the income.

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.5 (Continued)

.6 Budgeting for Refugee or Cuban/Haitian Entrant Cases Transferred from Refugee or Cuban/Haitian Entrant Cash Assistance to AFDC-FG AND AFDC-U

.61 Section 44-313.61(MR) shall become inoperative and Section 44-313.61(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The budget period for the month of transfer from the Refugee Resettlement or Cuban/Haitian Entrant Programs to AFDC-FG or AFDC-U shall be the second prior calendar month (retrospective budgeting) unless the family did not receive refugee or Cuban/Haitian entrant cash assistance in the second prior calendar month.

(QR) Prospective budgeting shall continue for recipients transferred from the Refugee Resettlement or Cuban/Haitian Entrant Programs to CalWORKs.

.62 Section 44-313.62(MR) and Welfare and Institutions Code Section 11265.3 shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If the family did not receive cash assistance in the second prior calendar month, but did in the prior calendar month, the budget period for the month of transfer shall be the concurrent month. The budget period for the following month shall be the corresponding second prior calendar month.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11265.2, 11265.3, and 11450.5, Welfare and Institutions Code.

Amend Section 44-314.11 to read:

44-314 MAXIMUM FAMILY GRANT (MFG) 44-314

.1 Definitions (Continued)

.11 Break-in-Aid Section 44-314.11(MR) shall become inoperative and Section 44-314.11(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in the county, pursuant to the Director's Declaration.

(MR) For MFG purposes the following conditions will be considered a month in which the assistance unit (AU) did not receive cash aid:

(MR) Months in suspense as defined in Section 44-315.8(MR).

(MR) A month in which the AU is eligible for a zero basic grant (ZBG) as defined in Section 44-315.9; or

(MR) A month in which the reunification family does not receive a cash aid payment pursuant to Section 83-812.683.

(QR) For MFG purposes the following conditions will be considered a month in which the AU did not receive cash aid:

(QR) .111 A month in which the AU is eligible for a zero basic grant (ZBG) as defined in Section 44-315.9; or

(QR) .112 A month in which the reunification family does not receive a cash aid payment pursuant to Section 83-812.683. (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11203, 11265.2, 11450.04(a), (b)(1), (2) and (3), (d)(1), (2) and (3), and (e), Welfare and Institutions Code; Sections 261, 262, and 285; Nickols v. Saenz, Case Number 310867, August 25, 2000; and Kehrer v. Saenz, Case Number 99CS02320, January 22, 2001.

- 1) Amend Section 44-315 to read:
- 2) Amend Section 44-315.315(a)(QR) et seq. and Handbook Sections 44-315.315(a)(QR) Examples, .317, and 44-315.39 Example 2(QR) to read:

44-315 AMOUNT OF AID (Continued) 44-315

.3 Amount of Grant The county shall calculate the amount of grant as follows:

.31 Section 44-315.31(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in the county, pursuant to the Director's Declaration.

(QR) Reasonably Anticipated income shall Monthly Income The reasonably anticipated monthly be used to determine cash aid for the QR Payment Quarter.

(QR) .311 Income shall be considered to be reasonably anticipated if the county determines that:

(QR) (a) The income has been or will be approved or authorized within the next QR Payment Quarter, or the household is otherwise reasonably certain that the income will be received within the QR Payment Quarter; and

(QR) (b) The amount of the income is known.

(QR) .312 If necessary, the county may require the recipient to provide one or more months of the previous quarter's income when the county needs more information to determine what income is reasonably anticipated for the next QR Payment Quarter.

(QR) .313 That portion of the AU's income which is uncertain or cannot be reasonably anticipated, in accordance with Section 44-101(c)(1)(QR), will not be counted when determining income eligibility and cash aid.

(QR) .314 Determine if Income Will Be Continued or Be Different The county shall determine whether the reasonably anticipated monthly income is expected to be different from the income reported for the QR Data Month for one or more months during the next QR Payment Quarter or whether the monthly income reported for the QR Data Month is expected to continue during each month of the next QR Payment Quarter.

(QR) .315 Income Expected to Continue

(QR) (a) Weekly/Bi-Weekly Payments Under the following circumstances the county shall add weekly or bi-weekly (every other week) Data Month income amounts reported on the QR 7 and divide that total by the number of pay periods in the Data Month to arrive at an average weekly or bi-weekly income amount to which the conversion factor (see Section 44-315.315(b)(QR)) shall be applied:

(QR) (1) An AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it does not anticipate any changes in income in the upcoming quarter compared to the Data Month income actually reported on the QR 7, and the county is in agreement with the AU's report of no change in income; or

(QR) (2) An AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it anticipates changes in income in the upcoming quarter, but the county determines in its follow-up review that the AU's reasonably anticipated income in the next QR Payment Quarter will not change from what was reported in the Data Month on the QR 7; or

(QR) (3) An AU reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it anticipates changes in income in the upcoming quarter and the new amount is known and that the amount will remain the same for the entire QR Payment Quarter and the county is in agreement with the AU's report of the change in income.

Example 1: The recipient reports on the QR 7 that four weekly paychecks were received in the following amounts: \$115, \$100, \$135, and \$95. The recipient also indicated on the QR 7 that his/her income is not expected to change during the next QR Payment Quarter compared to the income reported on the QR 7. The county will add the four weeks of income together, divide by four and then factor the resultant amount by 4.33 (use the appropriate conversion factor for the payment frequency) to arrive at the monthly income amount for the next QR Payment Quarter. If five pay periods were reported in the Data Month on the QR 7, the county will add each week together and divide by five and then factor the resultant amount by 4.33.

Example 2: The QR Payment Quarter is January/February/March. The recipient indicated on the QR 7 that weekly income of \$100 was received in the Data Month and marks on the QR 7 that this income amount will not continue during the upcoming QR Payment Quarter. The county consults with the recipient and finds out that the recipient anticipated a change in income because he/she hopes to get a new job in the next quarter but has no firm offer. The recipient states that if he/she does not get a new job, he/she will continue at the current job throughout the next quarter making the same amount. Due to the speculative nature of the new job and the recipient's statement regarding the current job, the county determines that the income reported in the Data Month on the QR 7 is reasonably anticipated to continue during the next quarter. Therefore, the county would apply the conversion factor of 4.33 to the \$100 weekly amount to arrive at the monthly income amount for the next QR Payment Quarter. (In this example, because the \$100 weekly amount remains the same for each pay period, the step requiring that the weekly amounts be added together and divided by the number of pay periods is not necessary.)

Example 3:

The QR Payment Quarter is January/February/March. The recipient indicated on the QR 7 that bi-weekly income of \$200 was received in the Data Month and marks on the QR 7 that this income amount will increase to a bi-weekly income of \$250 and will remain the same for the entire next QR Payment Quarter. The county agrees with the recipient's QR 7 information and applies the 2.167 conversion factor to the \$250 bi-weekly amount to arrive at the monthly income amount for the next QR Payment Quarter. (In this example, because the \$250 weekly amount remains the same for each pay period, the step requiring that the bi-weekly amounts be added together and divided by the number of pay periods is not necessary.)

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(QR) (b)

The average weekly and bi-weekly amounts arrived at above shall be converted to a monthly amount by using a 4.33 conversion factor for weekly payments and a 2.167 conversion factor for payments received bi-weekly.

(QR) (c)

The conversion factors can only be used if reasonably anticipated weekly and bi-weekly payments are reasonably anticipated to be paid throughout the entire QR Payment Quarter for each week or for every other week in the QR Payment Quarter. For reasonably anticipated income that is not paid weekly or bi-weekly for one or more months of the QR Payment Quarter, the total monthly reasonably anticipated income amounts shall be added together and averaged over the months of the QR Payment Quarter, by adding each month total income and dividing by the number of months in the QR payment quarter.

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Example: The recipient reports on the QR 7 that she is paid on a weekly basis except she only works three weeks in a month and indicates that this frequency of pay will remain the same throughout the next QR Payment Quarter and will remain unchanged throughout the next QR Payment Quarter. She is typically paid \$115, \$100, and \$135. The county will add the three weeks of income together to arrive at a reasonably anticipated monthly income for the next QR Payment Quarter. Since income is not paid every week of the QR Payment Quarter, the conversion factor cannot be applied.

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(QR) (d) Monthly/Semi-Monthly Payments For income that is received monthly or semi-monthly (two times a month) and is expected to continue, the county shall use the total monthly income amount reported on the QR 7 for the QR Data Month to calculate cash aid for the next QR Payment Quarter. The conversion factors shall not be used for income that is received monthly or semi-monthly.

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Example: The recipient reports on the QR 7 that monthly income of \$500 received in the QR Data Month will continue for the QR Payment Quarter. The county shall use the \$500 monthly income total to calculate cash aid.

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(QR) .316 Income Expected to Be Different For income that is reasonably anticipated to be different for one or more months of the QR Payment Quarter, the monthly income amounts shall be averaged over the months of the QR Payment Quarter by adding each month's total income and dividing that total by the number of months in the QR Payment Quarter.

If this income is paid on a weekly or bi-weekly basis, the county shall determine the number of

pay periods and their amounts reasonably anticipated to be received during each month of the QR Payment Quarter to compute the reasonably anticipated income total for each month.

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Example:

A recipient is in a January/February/March quarter. The recipient indicated on the QR 7 that weekly income of \$100 per week was received in the QR Data Month and that this income will not continue during the April/May/June quarter. The county consults with the recipient and determines that the \$100 per week pay will only be received until the second week of May. The recipient will begin a new job on June 1 and anticipates receiving a monthly income of \$500. There are five pay periods in April, and four pay periods in May.

Once the monthly income amounts for each month of the QR Payment Quarter have been determined, add the reasonably anticipated income for each month of the quarter and divide by the number of months in the QR Payment Quarter to arrive at a reasonably anticipated monthly income. The county shall use the reasonably anticipated monthly income to calculate cash aid for the QR Payment Quarter.

The county will compute income for the new quarter as follows:

April	\$500
May	\$200
June	\$500
Total Quarter income	\$1200

The reasonably anticipated monthly income is \$400 (\$1200 divided by the number of months in the QR Payment Quarter).

The reasonably anticipated income for each month of the QR Payment Quarter \$400.

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- (QR) .317 Determination of Aid Based on Mid-Quarter Changes When a recipient mid-quarter report or a county initiated action changes the amount of cash aid, except as provided in Section 44-316.314~~2(ea)~~(3)(QR), the county shall determine the grant amount by adding the monthly income for the remaining months of the QR Payment Quarter then dividing by the number of months remaining in the QR Payment Quarter. The county shall use the reasonably anticipated monthly income to calculate cash aid for the remainder of the QR Payment Quarter.

- .32 "Family" MAP (Continued)

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- .321 MBSAC and MAP Levels (Continued)

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- .33 Add Special Need Payment (Continued)
- .34 Net Nonexempt Income (Continued)
- .35 Potential Grant (Continued)
- .36 AU MAP (Continued)
- .37 Add Special Need Payments (Continued)
- .38 Actual Grant Amount (Continued)

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.381 (Continued)

.39 Computation Examples Handbook Section 44-315.39(MR) shall become inoperative and Handbook Section 44-315.39(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 1:

A nonexempt family of four (a pregnant mom, stepfather (father of the unborn) and her two separate children). The stepfather has gross earned income of \$775 per month, with no other income. The family lives in Region 1.

\$ 775	Earned Income for the family
<u>- 225</u>	\$225 Income Disregard
\$ 550	Subtotal
<u>- 275</u>	50% Earned Income Disregard
\$ 275	Total Net Nonexempt Income
\$ 728	"Family" MAP for four (mom, stepfather and two children) Region 1
<u>+ 47</u>	Special Needs AU (third trimester of pregnancy)
\$ 775	Total (MAP plus Special Needs)
<u>- 275</u>	Net Nonexempt Income
\$ 500	Potential Grant
\$ 611	Nonexempt AU MAP for three (Region 1)
<u>+ 47</u>	Special Needs for AU
\$ 658	Total MAP plus Special Needs
\$ 500	Actual Grant Amount (lesser of potential grant or AU MAP plus special needs)

(QR) Computation of Monthly Grant Amount for the QR Payment Quarter when the AU's Income Reported for the QR Data Month is Expected to Continue for Each Month of the QR Payment Quarter

Example 1:

A nonexempt family of four (a pregnant mom, stepfather (father of the unborn) and her two separate children) are in a July, August, and September Quarter. The

stepfather has gross earned income of \$775 per month, with no other income and no reasonably anticipated changes in income for the QR Payment Quarter. The family lives in Region 1.

\$ 775	Reasonably Anticipated Monthly Earned Income for the Family
<u>- 225</u>	\$225 Income Disregard
\$ 550	Subtotal
<u>- 275</u>	50% Earned Income Disregard
\$ 275	Total Net Nonexempt Income
\$ 839	"Family" MAP for Four (mother, stepfather and two children) Region 1
<u>+ 47</u>	Special Needs AU (third trimester of pregnancy)
\$ 886	Total (MAP plus special needs)
<u>- 275</u>	Net Nonexempt Income
\$ 611	Potential Grant
\$ 704	Nonexempt AU MAP for Three (Region 1)
<u>+ 47</u>	Special Needs for AU
\$ 751	Total MAP plus Special Needs
\$ 611	Actual Grant Amount (lesser of potential grant or AU MAP plus special needs)

(MR) Example 2:

A nonexempt AU of three (an adult and two children) has gross earned income of \$800 per month and the children received \$300 in Social Security Disability Insurance benefits from the absent parent's disability claim. The family lives in Region 1.

\$ 300	Disability-based Unearned Income (SSDI)
<u>- 225</u>	\$225 Income Disregard
\$ 75	Nonexempt Disability-Based Income
\$ 800	Earned Income
<u>- 400</u>	50% Income Disregard
\$ 400	Nonexempt Earned Income
<u>+ 75</u>	Nonexempt Disability-Based Income
\$ 475	Total Net Nonexempt Income
\$ 611	Nonexempt MAP for three (Region 1)
<u>- 475</u>	Total Net Nonexempt Income
\$ 136	Grant Amount

(QR) Computation of Monthly Grant Amount for the QR Payment Quarter when the AU's Income Reported for the QR Data Month is Expected to Differ for One or More Months of the QR Payment Quarter.

Example 2:

A Region 1 nonexempt AU of four is in the October/November/December quarter. Mother submits the QR 7 for November to the county on December 10. On the QR 7, she reports that she started a part-time job in December that will only last until the end of January, when the holiday shopping season has ended. She reports that she will get paid \$900 in January and \$800 in February. One child is also receiving SSA disability benefits (DBI) of \$100 per month based on an absent father's disability.

Benefits for the January/February/ March quarter are computed based on the income the AU reasonably anticipates it will receive during that quarter as follows:

\$ 100	Monthly DBI
\$ 900	Reasonably Anticipated Earned Income for January
+ 800	Reasonably Anticipated Earned Income for February
+ 0	Reasonably Anticipated Earned Income for March
<u>\$1700</u>	Subtotal Reasonably Anticipated Earned Income for Quarter
\$ 566.67	Reasonably Anticipated Earned Income Divided by the Number of Months in the QR Payment Quarter $1700/3 =$ (averaged monthly earnings)
\$ 100	Reasonably Anticipated Monthly DBI Income
- 225	Less DBI Unearned Income Disregard
<u>-\$125</u>	Remaining Disregard
\$ 566.67	Reasonably Anticipated Monthly Earned Income
- 125	Less (remaining) Income Disregard
<u>\$ 441.67</u>	Subtotal
- 220.5084	Less 50% Earned Income Disregard
<u>\$ 220.5083</u>	Subtotal NNI
\$ 0.00	Add Reasonably Anticipated Monthly DBI
+ 220.5083	Add Reasonably Anticipated Monthly Earnings
<u>\$ 220.50</u>	Total NNI
\$ 799	MAP for AU of Four
- 220	Less NNI
<u>\$ 579</u>	New Monthly Grant for the QR Payment Quarter

(MR) Example 3:

A nonexempt AU of four (mother, father, and their two children) has gross earned income of \$775 per month. The father has \$150 in Social Security Disability benefits per month and \$300 in veteran's benefits. The family lives in Region 1.

\$ 150	Disability-Based Unearned Income
<u>- 225</u>	\$225 Income Disregard
\$- 75	Remainder of \$225 Income Disregard (\$225 - \$150)
\$ 775	Earned Income
<u>- 75</u>	Remainder of \$225 Income Disregard (\$225 - \$150)
\$ 700	Subtotal
<u>- 350</u>	50% Earned Income Disregard
= 350	Nonexempt Earned Income
+ 0	Nonexempt Unearned Disability-Based Income
<u>+ 300</u>	Nonexempt Unearned Income (Veteran's Benefits)
\$ 650	Total Net Nonexempt Income
\$ 728	Nonexempt MAP for four (Region 1)
<u>- 650</u>	Net Nonexempt Income
\$ 78	Grant Amount

(QR) Mid-Quarter Changes to Cash Aid

Example 3:

A Region 1 nonexempt AU of three (mother and two children) is in the October, November, and December quarter. On her previous QR 7 received in September, (QR Data Month for the previous quarter was August), mother reported her earned income to be \$600 and that she expected no changes for the next QR Payment Quarter.

\$ 600	Reasonably Anticipated Monthly Income for the Family
<u>- 225</u>	\$225 Income Disregard
\$ 375	Subtotal
<u>- 187.50</u>	50% Earned Income Disregard
\$ 187	Total Net Nonexempt Income
\$ 704	Non-exempt MAP for Three, Region 1
<u>- 187</u>	Less Net Nonexempt Income
\$ 517	AU Monthly Grant for the QR Payment Quarter

On October 25, the mother voluntarily reports that the father, with no income, moved into the home on October 24. The father is determined eligible and is reasonably anticipated to have monthly income of \$200 for November and \$100 for December.

The Mid-Quarter Grant Calculation for the Remaining Months of the Quarter Would Be:

\$ 200	Father's Reasonably Anticipated Earned Income for November
+ 100	Father's Reasonably Anticipated Earned Income for December
\$ 300	Subtotal Reasonably Anticipated Earned Income for the Remainder of the Payment Quarter
\$ 150	Father's Earned Income Divided by the Remaining Months of the QR Payment Quarter $\$300/2 = \150 (reasonably anticipated monthly income)
\$ 600	Existing AU's Previously Determined Reasonably Anticipated Monthly Earned Income (not recalculated)
+ 150	Father's Reasonably Anticipated Earned Monthly Income
\$ 750	Total Net Nonexempt Income for the Potential AU
- 225	\$225 Income Disregard
\$ 525	Subtotal
- 262.50	50% Earned Income Disregard
\$ 262	Total Net Nonexempt Averaged Income
\$ 839	Non-exempt MAP for Four, Region 1 (includes eligible father)
- 262	Less Net Nonexempt Income
\$ 577	AU Monthly Grant Payment for the Remaining Months of the QR Payment Quarter

Father is added to the existing AU effective November 1 since his addition to the AU will increase the cash aid. A supplement of \$60 is issued to the AU for November and the grant is increased to \$577 for the month of December.

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.4 (Continued)

.5 \$10 or more

If the amount determined in Section 44-315.38 is less than ten dollars (\$10), no payment shall be paid for that month. If the beginning date of aid is after the first of the month, and the amount of aid determined in Section 44-315.38 is to be prorated, and the prorated amount is less than ten dollars (\$10), no payment shall be paid for that month. Such cases shall be considered to have received a payment for all other purposes.

If the amount determined in Section 44-315.38 is ten dollars (\$10) or more, that amount is the total grant and, if there are no overpayment

adjustments, shall be authorized as the aid payment. (Continued)

.7 Proration of AFDC-FG/U Grant

(Continued)

.72

(Continued)

.721

Determine the total monthly grant amount (see Section 44-315.38); (Continued)

.8

Section 44-315.8(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Suspension

(MR) .81

The county shall suspend, not discontinue, aid in the payment month when income or other circumstances in the corresponding budget month appear to result in ineligibility for only one payment month. The recipient need not reapply for aid for the month following the suspension, however, the recipient is required to complete a monthly report for the month of suspension. If it appears that the income or other circumstances from the budget month will result in ineligibility for more than one payment month, aid is discontinued.

(MR) .82

Aid payments for the month following a suspension shall be computed using prior month budgeting if the family's circumstances have not changed significantly from the corresponding budget period.

(MR) .83

Aid payments for the two months following a suspension shall be computed using concurrent budgeting if the family's circumstances have changed significantly from the corresponding budget period, e.g., loss of a job (see Section 44-313.123(MR)). (Continued)

Authority Cited: Sections 10553, 10554, 11209, 11450, 11450(g), 11450.018(a) and (b), 11452.018(a), and 11453, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11004 (Ch. 270, Stats. 1997), 11017, 11209, 11253.5(d) and (e) (Ch. 270, Stats. 1997), 11254, 11265.2, 11265.3, 11265.8(a) (Ch. 270, Stats. 1997), 11323.4 (Ch. 270, Stats. 1997), 11450, 11450(g), 11450.01, 11450.015, 11450.018(a) and (b), 11451.018(a), 11450.03, 11450.5, 11451.5 (Ch. 270, Stats. 1997), 11452, 11453, and 11453(a) (Ch. 329, Stats. 1998), Welfare and Institutions Code.

- 1) Amend Section 44-316 to read:
- 2) Amend Sections 44-316.2(QR); .23(QR); .3(QR); .31(QR) et seq.; Sections 44-316.312(a)(3)(QR) and (a)(5)(QR); and Sections 44-316.312(b)(5)(QR) and Handbook Example, and (d)(1)(QR) and (d)(2)(A)(QR); Sections 44-316.324(c)(1) and (2)(QR) and (d) [Handbook]; and Sections 44-316.331(QR) et seq.; repeal Section 44-316.313(d); and adopt new Section 44-316.311(QR) et seq. to read:

Section 44-316(MR) Title shall become inoperative and Section 44-316(QR) Title shall become operative in a county on the date the QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR)44-316 REPORTING CHANGES AFFECTING ELIGIBILITY AND GRANT DETERMINATIONS 44-316

(QR) 44-316 REPORTING CHANGES AFFECTING ELIGIBILITY AND GRANT DETERMINATIONS AND COUNTY ACTIONS 44-316

- .1 Sections 44-316.1 and .11(MR) shall become inoperative in a county on the date the QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Required Reporting of All Changes Affecting Eligibility and Grant Determination

- (MR) .11 All recipients are required to promptly report to the county any changes in eligibility or grant determination factors.

- .2 Section 44-316.2(MR) shall become inoperative and Sections 44-316.2(QR) and .21(QR) shall become operative in a county on the date the QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(MR) Additionally, prior to the end of each budget period, the county shall request updated information from recipient families concerning all changes affecting eligibility and grant in that budget period or expected changes in subsequent budget periods.

(MR) For all CalWORKs recipients, such information shall be reported on the CA 7. If the recipient fails to provide the report requested by the county by the deadline provided by Section 40-181.22(MR), then the recipient's grant will be terminated in accordance with Confidentiality, Fraud, Civil Rights, and State Hearings Manual Section 22-072. Though the CA 7 is not applicable to AFDC-FC, every effort shall be made by the county to insure that foster parents and children are aware of the necessity to report any change in need or income for the child.

(QR) ~~2~~ Prior to the end of each QR Payment Quarter, the county shall request updated information from recipient families concerning all changes affecting eligibility and grant amount in that from the QR 7 Payment Quarter Reporting Period and expected income changes in the ~~subsequent~~ next QR Payment Quarter.

(QR) .21 For all CalWORKs recipients, such information shall be reported on the QR 7. If the recipient fails to provide the report requested by the county by the deadline provided by Section 40-181.22(QR), then the recipient's grant will be terminated in accordance with Section 22-072.

.22 Section 44-316.22(QR) shall become operative in a county on the date the QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(QR) The county shall use the QR 7 to determine continued eligibility as specified in Section 40-181.

.23 Section 44-316.23(QR) shall become operative in a county on the date the QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(QR) Additionally, the county shall compare the QR 7 submitted for that QR Payment Quarter to all mid-quarter reports that were reported during that QR Payment Quarter to ensure that mid-quarter circumstances reported are consistent with the circumstances reported on the QR 7.

.231 Section 44-316.231(QR) shall become operative in a county on the date the QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(QR) If the information reported on the QR 7 is inconsistent with the information provided in any mid quarter reports made during the QR 7 Reporting Period, the county shall take action to resolve the discrepancy. The county shall first attempt to contact the recipient to resolve the discrepancy. If the county is unable to contact the recipient or obtain resolution from such contact, the QR 7 shall be considered incomplete.

.3 Section 44-316.3(QR) et seq. shall become operative in a county on the date the QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(QR) Mid-Quarter Actions

The county shall act on specified changes that occur mid-quarter. Mid-quarter changes to cash aid shall be acted on separately and sequentially under quarterly reporting/prospective budgeting and include:

(QR) .31 Recipient Mid-Quarter Voluntary Reports

(QR) Recipients may voluntarily report verbally or in writing, changes in income and circumstances any time during the QR Payment Quarter. The county shall also accept a report of decreased income on the QR 7 as a voluntary mid-quarter report when the QR 7 is received in the Submit Month of the QR Payment Quarter.

When a voluntary report of decreased income is received in the Submit Month, the county shall also treat this information as updated QR 7 income information (see Section 44-315.314(QR)) when determining cash aid for the next QR Payment Quarter. The county shall take action on voluntary reports that increase cash aid or the recipient requests voluntary discontinuance of aid. If the grant would decrease (for reasons other than a voluntary discontinuance of aid) or not change based on the voluntary report (except as provided in Section 44-318.152(a)(QR)), the county shall not take action to change the grant, but shall send a notice pursuant to Section 22-071.12(QR). Recipients must provide all verifications within ten days of a voluntary report prior to county action.

(QR) .311 When a voluntary report is made by the recipient regarding changes in income and/or circumstances during the QR Payment Quarter, the county must request verification in writing.

(QR) (a) If the recipient provides verification within 10 days of the voluntary mid-quarter report, the change is effective the first of the month following the voluntary report except as provided in Section 44-316.312(a)(4)(QR).

(QR) (b) If the recipient does not provide the necessary verification, the county shall send a No Change NOA to the AU.

(QR) (c) If the recipient provides verification after the 10 days, the date the verification is provided shall be considered the date of a voluntary report.

(QR) .312 Recipient voluntary reports include, but are not limited to, the following:

(QR) ~~.311~~

(a) Decreases in Reasonably Anticipated Income

(QR) (a~~1~~) When an AU voluntarily reports a decrease in income from the amount that was reasonably anticipated to be received, the county shall determine if the AU's cash aid will increase based on the changed income amount.

(QR) (~~1~~A) When an AU receives income from more than one source, and reports that its income has decreased, only the income that experienced the decrease shall be recalculated for the current and remaining months of the quarter. The new grant amount shall be calculated using the existing averaged income that didn't change and the recalculated averaged income (the income that decreased).

- (QR) (~~2~~B) When an AU consists of more than one person with income and one person experiences a decrease in income, only the changed income shall be recalculated. The new grant amount shall be based on that person's recalculated income along with the existing AUs averaged monthly income that did not change.
- (QR) (~~b~~2) When cash aid would increase due to a voluntary reported decrease in reasonably anticipated monthly income, the county shall determine a new monthly grant amount based on the report of decreased income.
- (QR) (~~e~~3) The county shall use the ~~actual~~ new reasonably anticipated income received for the month in which the decreased income occurred or the month it was reported, whichever is later, and the reasonably anticipated monthly income for the remaining months of the QR Payment Quarter in recalculating cash aid for the month in which the change was reported and remaining months of the QR Payment Quarter.
- (QR) (~~d~~4) The county shall issue a supplement within ten days of receiving verification. The supplement shall be based on the difference between the recalculated cash aid and the cash aid that was paid for the month the decrease in income is reported or the month the change actually occurs whichever is later and when all verification has been provided (see Section 44-340.34(QR)).
- (QR) (~~e~~5) The county shall increase the grant amount for the remainder of the QR Payment Quarter based upon the newly calculated grant in Section 44-316.3142(ea)(3)(QR).

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(QR) Example 1:

An exempt AU of three, in Region 1 is in the April/May/June quarter and is receiving a QR Payment Quarter grant of \$192 per month. The grant was based on the mother having reasonably anticipated earned income of \$1200 per month. On April 15, the mother reports that she lost her job and will only receive a \$600 paycheck for the month of April and anticipates no income for the remainder of the quarter. The county requests verification of the job loss and the recipient provides the necessary documentation by April 20.

The county shall recalculate aid for QR Payment Quarter as follows:

\$ 600	April Actual Income
+ 0	May Reasonably Anticipated Income
+ 0	June Reasonably Anticipated Income
<u>\$ 600</u>	Earned Income for the Quarter
÷ 3	Earned Income Divided by Three
\$ 200	Reasonably Anticipated Monthly Income (month of report of decreased income plus the remaining months of the current QR Payment Quarter)
\$ 200	Reasonably Anticipated Monthly Income
- 225	Income Disregard
<u>\$ 0</u>	Subtotal
	50% Earned Income Disregard
\$ 0	Total Net Nonexempt Income
\$ 704	MAP for Three in Region 1(QR Payment Quarter monthly grant)
\$ 704	Potential Monthly Grant Amount
<u>- 192</u>	Grant Already Received
\$ 512	Supplement

A supplement of \$512 is issued for the family for the month of April and the cash aid is increased to \$704 for May and June.

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(QR) (~~6~~) If the AU voluntarily reports a decrease in earnings that resulted from a loss or reduction in hours of employment, and the county determines that the recipient did not have good cause for the job quit/reduction in hours, the county shall impose a sanction pursuant to Section 42-721.4. However, the county shall not wait to increase cash aid due to voluntary report of decreased income while determining if good cause exists before imposing the sanction. See Section 42-721.44 for the time frame for imposing sanctions.

(QR) ~~312~~

(b) Adding Persons to an Existing AU

(QR) (~~1~~) When an AU voluntarily reports a new person in the home, the county shall determine:

(QR) (~~1A~~) If the new person is CalWORKs eligible; and

- (QR) (~~2~~B) If the new person were added into the AU, the AU would still meet all eligibility conditions; and
- (QR) (~~3~~C) If the addition of the new person would increase or decrease the grant amount or render the AU ineligible.
- (QR) (~~h~~2) In determining if the new person is CalWORKs eligible, the county shall use the reasonably anticipated averaged income for the new person and the existing AU's income for the month in which the new person was voluntarily reported in the home and the remaining months of the QR Payment Quarter. In making this determination, the county shall not recalculate the existing AU's reasonably anticipated monthly income that was previously computed.
- (QR) (~~e~~3) When aid would increase due to the voluntary report of a new person, the county shall add the new person effective the first of the month following the report of the change, in which all verification has been provided and all eligibility conditions have been met.
- (QR) (~~+~~A) The county shall include the new person's reasonably anticipated monthly income along with the existing AU's reasonably anticipated monthly income to recalculate cash aid for the month the new person is added and the remaining months of the QR Payment Quarter.
- (QR) (~~A~~)1. The new person's income will be averaged for the remaining months of the QR Payment Quarter. The county shall not recalculate the existing AU's monthly income that was previously computed when adding a new person to the grant.
- (QR) (~~B~~)2. The new grant amount shall be based on the AU's existing averaged monthly income and the new person's calculated averaged monthly income for the months the new person would be included in the AU.
- (QR) (~~2~~B) The county shall increase the grant amount for the month the new person is added and the remaining months of the QR Payment Quarter based on the recalculation of the AU's cash aid (see Section 44-340.34(QR)).

- (QR) ~~(d4)~~ When adding a new person who would result in an increase in aid, but the new person does not meet all eligibility conditions, before aid is authorized, the county shall not add the person nor discontinue the existing AU mid-quarter.
- (QR) ~~(e5)~~ If the addition of a new person would result in a decrease in the existing AU's cash aid, the county shall not add the new person until the first day of the next QR Payment Quarter that follows the mandatory reporting of the new person on the QR 7, after all verification has been provided and all eligibility conditions have been met ~~(see except as provided in Section 82-832.3(QR))~~.

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- (QR) Example: An AU of three (mother and two children) are in a January/February/March Quarter. Father, who is disabled and has a part time job, moves into the home January 10 and is voluntarily reported in January by the AU. The county recalculates aid for the QR Payment Quarter using the father's reasonably anticipated income for the quarter and determines the addition of the father would decrease aid for the existing AU. The county does not add the father into the AU mid-quarter. The county will send a No Change NOA and remind the existing AU to report the father on the next

QR 7, due March 5. If the father is still living in the home, meets all eligibility conditions, and the AU remains eligible, the father will be added into the AU April 1 and his income will be used in the grant calculation for the April/May/June QR Payment Quarter.

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(QR) (~~f~~6) If adding a new person would render the existing AU ineligible, the county shall not take action mid-quarter to discontinue the existing AU. The county shall discontinue the existing AU, with timely and adequate notice, at the end of the QR Payment Quarter in which the new person is mandatorily reported on the QR 7.

(QR) ~~313~~

(c) Request Discontinuance for Aid to Existing AU Members

(QR) At any time during the QR Payment Quarter, a voluntary request can be made to discontinue the entire AU or any individual AU member who is no longer in the home or is an optional person.

(QR) (~~a~~1) If a voluntary request for discontinuance is made verbally, the county shall discontinue cash aid at the end of the month in which timely and adequate notice can be provided.

(QR) (~~b~~2) If the request for discontinuance was made in writing, the county shall discontinue cash aid at the end of the month with adequate notice.

(QR) (~~e~~3) If an individual requests discontinuance from an existing AU, the county shall discontinue the individual even when that individual's request results in a decrease in aid for the remaining AU members.

(QR) (~~4~~A) The county shall not presume that a mid-quarter report of an individual leaving the home is a voluntary request for discontinuance of that AU member. In such circumstances, the county shall verify with the AU if the AU is seeking to discontinue that individual, and shall inform the AU that such a discontinuance shall result in decreased cash aid to the remaining AU members.

(QR) (~~2~~B) If an individual AU member who has left the home requests a discontinuance, but the AU has not voluntarily reported the departure, the individual's request for discontinuance takes precedence over the AU's decision to not make this voluntary mid-quarter report.

~~(QR) (d) If an AU notifies the county mid-quarter that an AU member has died, the county shall treat this information as a voluntary report for mid-quarter discontinuance of cash aid for the deceased individual.~~

(QR) ~~314~~

(d) Request for Recurring Special Needs

(QR) (a1) Recurring special needs that have been requested mid-quarter and have been verified and approved will begin the first of the month in which either the need was reported or the county receives verification which substantiates that the need exists, whichever is later, and shall remain in effect until the end of the quarter in which the special need is expected to end, except as provided in Section 44-211.641(QR).

(QR) (b2) When an AU member becomes pregnant mid-quarter, the county shall make payment according to existing pregnancy special need rules (see Sections 44-211.6 et seq.) and will continue payment of the special need until the end of the quarter in which the child is expected to be born.

(QR) (+A) If the pregnancy is verified to extend beyond the estimated date of confinement and extends into the next QR Payment Quarter, the county shall continue the pregnancy special need payment until the end of the QR Payment Quarter in which the new estimated date of confinement is established or until the newborn is added to the AU. See Section 44-318.15 for when to add the newborn.

(QR) .32 Recipient Mid-Quarter Mandatory Reports

Recipients shall report in person, verbally or in writing, specific changes during the QR Payment Quarter within ten days of when the change becomes known to the AU.

.321 The following occurrences shall be reported by the recipient to the county:

- (a) Drug felony convictions
- (b) Fleeing felon status
- (c) Violation of conditions of probation or parole
- (d) Address changes
- (e) Income exceeding the Income Reporting Threshold (IRT)

.322 The county shall discontinue cash aid to the recipient at the end of the month in which timely and adequate notice can be provided when changes specified in Sections 44-316.321(a), (b), and (c) are reported.

.323 The county shall act on address changes, in accordance with regulations and procedures regarding changes of residence.

.324 Income Reporting Threshold (IRT)

(QR) (a) The level of income that triggers the need for a CalWORKs AU to report a mid-quarter change in income. The IRT is the greater of 130 percent of the Federal Poverty Level or the level at which an AU becomes financially ineligible.

(QR) (b) If any member of the AU or person included in the family MAP, when the AU's current grant was determined, has earned income or begins

receiving earned income, the AU must report to the county when the family's combined gross monthly income, earned and unearned, exceeds the AU's IRT during the QR Payment Quarter.

- (QR) (1) An AU that has earned income only or a combination of earned and unearned income shall report when the family's combined gross monthly income exceeds the AU's IRT.
- (QR) (2) An AU that has no income or has unearned income only shall report if they begin to receive earned income that, once combined with other family income, exceeds the AU's IRT.
- (QR) (c) When an AU reports income in excess of the IRT, the county shall redetermine the AU's financial eligibility for the QR Payment Quarter.
 - (QR) (1) When the AU reports income in excess of the IRT in the first or second month of the current QR Payment Quarter, the county shall determine if the reported income is reasonably anticipated to continue and whether the AU's net nonexempt monthly averaged income for the remainder of the current QR Payment Quarter will exceed the AU's MAP for the remainder of the QR Payment Quarter. If the averaged income will is reasonably anticipated to continue, to exceed the AU's MAP for the remainder of the QR Payment Quarter, the AU is determined financially ineligible for the QR Payment Quarter and the county shall determine the AU financially ineligible and shall discontinue the AU at the end of the month in which the AU first received the income that exceeded the AU's MAP, with timely and adequate notice (see Section 44-207.23(QR)).
 - (QR) (A) If the AU reports that the income will no longer exceed the IRT prior to the effective date of the discontinuance, and the county determines that this is reasonably anticipated, the county shall rescind the discontinuance.
 - (QR) (B) If the AU requests restoration of cash aid after the QR Payment Quarter in which the discontinuance takes effect, financial eligibility shall be determined in accordance with Sections 40-125.91 and .92(QR)).
 - (QR) (2) When an AU reports income in excess of the IRT in the third month of the current QR Payment Quarter, the county shall determine if the reported income is reasonably anticipated to

continue. If the income will continue, the county shall use that information together with the QR 7 information to prospectively determine eligibility and cash aid amount for the next QR Payment Quarter.

- (QR) (d) If income that was reported as being in excess of the IRT is only expected to exceed the IRT for that one month and will not continue to exceed the IRT, the county shall not take action to discontinue cash aid. If the recipient's report indicates there will also be a decrease in the income previously anticipated for the QR Payment Quarter, the county shall treat this additional information as a mid-quarter report.

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An AU is in the April/May/June Quarter. In April, the AU reports timely to the county that their earned income exceeded the IRT due to overtime. When determining the reasonably anticipated income for May and June for the AU due to the IRT report, it is discovered that the AU will have no income for those months. Since the income over the IRT will not continue, the AU is not discontinued. The county shall treat this information as a mid-quarter report and recalculate the cash aid amount, after verification is received, for the decreased income for May and June. If the recalculation results in an increase of cash aid, a supplement will be issued for May and the grant increased for June.

**Income Reporting Threshold (IRT)
for Recipient Family**

Region One	
* Reporting Size	Income Reporting Threshold
0	\$227
1	\$973 \$1009
2	\$1361 \$1362 Oct. & Nov. 2004) \$1394 (Dec. 2004 forward)
3	\$1654 \$1698
4	\$1994 \$2043
5	\$2334 \$2387
6	\$2674 \$2732
7	\$3014 \$3076
8	\$3354 \$3421
9	\$3695 \$3766
10 or more	\$4036 \$4111

Effective 10/1/03 to 9/30/04

Region Two	
* Reporting Size	Income Reporting Threshold
0	\$227
1	\$973 \$1009
2	\$1313 \$1354
3	\$1654 \$1698
4	\$1994 \$2043
5	\$2334 \$2387
6	\$2674 \$2732
7	\$3014 \$3076
8	\$3354 \$3421
9	\$3695 \$3766
10 or more	\$4036 \$4111

Effective 10/1/03 to 9/30/04

* The numbers in this column reflect the number of persons whose needs are included in the determination of eligibility for the AU. This number may be greater than the family's AU size.

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(QR) .33 County Initiated Mid-Quarter Changes

The county shall take mid-quarter action on certain specified changes in eligibility and grant status at the end of the month in which the change occurred even if it results in a decrease in cash aid.

(QR) .331 County-initiated actions include:

- (QR) (a) An adult in the AU reaches the 60-month time limit;
- (QR) (b) The county imposes a sanction or financial penalty on an individual member of the AU;
- (QR) (c) The county removes the sanction of an individual who corrects his/her welfare-to-work participation problem, in accordance with Section 42-721.48;
- (QR) (d) The county removes the penalty for an AU that complies with the CalWORKs program requirements;
- (QR) (e) A Cal-Learn participant earns a Cal-Learn bonus or sanction;
- (QR) (f) A child in the AU reaches the age limit (see Section 42-101);
- (QR) (g) A child in the AU is placed in Foster Care;
- (QR) (h) A Refugee Cash Assistance (RCA) recipient reaches the eight-month RCA time limit;
- (QR) (i) Aid is ~~approved~~ authorized for ~~child~~ an individual who is currently aided in another AU;
- (QR) (j) Late QR 7 adjustment;
- (QR) (k) State Hearing decision resulting in mandatory changes mid-quarter;
- (QR) (l) When an AU becomes a Family Reunification case;
- (QR) (m) An AU member is no longer a California resident;
- (QR) (n) County acts on redetermination information in accordance with Section 40-181.1(QR).

- (QR) (o) Adjustments to correct erroneous payments caused by (1) incorrect or incomplete recipient QR 7 or mid-quarter reporting; or (2) incorrect action or lack of action by the county on QR 7 or mid-quarter information reported by the recipient;
- (QR) (p) When it becomes known to the county that an AU member is deceased;
- (QR) (q) An AU is transferred to a Tribal TANF program;
- (QR) (r) Cost-of-living adjustments for Minimum Basic Standards of Adequate Care (including income in-kind), Maximum Aid Payment, and Social Security;
- (QR) (s) When it becomes known to the county that an individual is confined in a correctional facility on the first of a month and is expected to remain for a full calendar month or more (see Section 82-812.62).

Authority Cited: Sections 10553, 10554, and 11369, Welfare and Institutions Code.

Reference: Section 10063 (Ch. 270, Stats. 1997), 11265, 11265.1, 11265.2, 11265.3, and 11450.5, Welfare and Institutions Code.

- 1) Amend Section 44-318 to read:
- 2) Amend Section 44-318.14(QR) to read:

44-318 BEGINNING DATE OF AID (BDA) FOR PERSONS BEING ADDED TO THE AU 44-318

- | | | |
|-----|------------------------------|---|
| .1 | Beginning Date of Aid | The BDA shall be: |
| .11 | Mandatorily Included Persons | Section 44-318.11(MR) shall become inoperative and Section 44-318.11(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration. |
| | (MR) | The date the person joins the AU or the date all eligibility requirements are met, whichever is later, for a person who is required to be included in the AU. |
| | (QR) | When mandatorily included persons added result in a cash aid: |
| | (QR) .111 Increase | The first of the month after the change is reported and all conditions of eligibility have been met. |
| | (QR) .112 Decrease | The first day of the QR Payment Quarter following the required reporting of the individual on the QR 7 provided all conditions of eligibility have been met. |
| .12 | Optional Persons | Section 44-318.12(MR) shall become inoperative and Section 44-318.12(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration. |
| | (MR) | The date of application or the date all eligibility requirements are met, whichever is later, for a person who has the option to be included in the AU. |
| | (QR) | When optional persons added result in a cash aid: |

(QR) .121 Increase	The first of the month after the change is reported and all conditions of eligibility have been met.
(QR) .122 Decrease	The first day of the QR Payment Quarter following the required reporting of the individual on the QR 7 provided all conditions of eligibility have been met.
.13 Sanction/ Noncooperating Persons	Section 44-318.13(MR) shall become inoperative and Section 44-318.13(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR)	The date the person meets the requirement which caused that person to be excluded from the AU, or the date the person meets all eligibility conditions, whichever is later.
(QR)	The first of the month following the date the person meets the requirement which caused that person to be excluded from the AU, after all conditions of eligibility have been met (see Section 44-316.331(c)(QR)), and the minimum sanction periods in accordance with Section 42-721.43 have passed.
.14 Unreported Mandatorily Included Persons	Section 44-318.14(MR) shall become inoperative and Section 44-318.14(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR)	The date the person meets all requirements for eligibility when he/she is required to be included in the AU but aid was not requested. Eligibility conditions are considered to have been met from the date the individual was discovered in the home, providing he/she is cooperating in meeting those conditions.

- (QR) ~~The first day of the month of the QR Payment Quarter following the quarter in which the individual was required to be reported on the QR 7 provided that the individual date the person meets all requirements for eligibility when he/she ~~was~~ is required to be included in the AU but aid was not ~~reported on the QR 7 requested.~~~~
- (QR) .141 Eligibility conditions are considered to have been met from the first day of the month-QR Payment Quarter following the ~~quarter in which~~ date the individual was discovered in the home, providing he/she is cooperating in meeting those conditions.
- .15 Section 44-318.15(MR) shall become inoperative and Section 44-318.15(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) Newborn Child The date of birth for a newborn child when his/her mother received pregnancy special need or the date all eligibility requirements are met, whichever is later.
- (QR) Newborn Child and MFG Child
- (QR) .151 Newborn Child When a newborn child is added results in a cash aid:
- (QR) (a) Increase The first of the month after the birth is reported and all conditions of eligibility have been met (see Section 44-211.6(QR)).
- (QR) (b) Decrease The first day of the next QR Payment Quarter after the change is reported on the QR 7 and after all conditions of eligibility have been met (see Section 44-211.6(QR)).
- (QR) .152 Newborn MFG Child When an MFG newborn child is added results in no change or a decrease in cash aid.

(QR) (a) No PSN/No Change	The first of the month following the report of the birth provided that all conditions of eligibility have been met and provided that the mother is not receiving a pregnancy special need payment and the grant will not decrease as a result of adding the newborn.
(QR) (b) PSN/Decrease	The first day of the next QR Payment Quarter following the report of the birth and all verification has been provided, when the mother has been receiving a pregnancy special need payment or the grant would otherwise decrease as a result of adding the newborn.
.16 Father of a Newborn	Section 44-318.16(MR) shall become inoperative and Section 44-318.16(QR) et seq. shall become operative in a county on date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR)	The date the newborn child becomes eligible, or the date the father meets eligibility conditions, whichever is later.
(QR)	When a father of a newborn added, in accordance with Section 44-205.632, results in a cash aid:
(QR) .161 Increase	The first of the month after the report of the birth and all conditions of eligibility have been met.
(QR) .162 Decrease	The first day of the next QR Payment Quarter after the report of the birth and all conditions of eligibility have been met.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11056 11265.1, 11265.2, and 11265.3, Welfare and Institutions Code; 45 CFR 233.10 and .20(a)(13); Federal Register, Vol. 57, No. 131; and SSA-AT-86-01.

Amend Section 44-325 to read:

44-325 CHANGES IN AMOUNT OF PAYMENT

44-325

.1 When Change is Effective

Section 44-325.1(MR) shall become inoperative and Section 44-325.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When any change in the recipient's circumstances requires a change in grant, or a discontinuance of aid, the appropriate change or discontinuance is to be made effective as soon as proper notice can be given in accordance with Sections 22-022 and 22-021.2.

(QR) When any change in the recipient's circumstances requires a change in grant, or a discontinuance of aid, the appropriate change or discontinuance is to be made effective in accordance with Section 44-316(QR) as soon as notice can be given pursuant to Sections 22-071(QR) and 22-072(QR).

.2 (Continued)

.3 (Continued)

.31 (Continued)

.311 (Continued)

.312 (Continued)

.313 (Continued)

.32 (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11006.2, 11265.1, 11265.2, and 11265.3, Welfare and Institutions Code.

Amend Section 44-327.25 to read:

44-327 DELAYED PAYMENT (Continued) 44-327

.2 Factors Causing Delay in Payment (Continued)

.25 Section 44-327.25(MR) shall become inoperative and Section 44-327.25(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The complete CW 7 (see Section 40-181.241(MR)) is received after the tenth day prior to the end of the report month regardless of good cause - the first warrant shall be mailed or electronic fund transfer made in accordance with Section 44-305.231(MR).

(QR) The complete QR 7 (see Section 40-181.241(QR)) is received after the tenth day prior to the end of the submit month regardless of good cause - the first warrant shall be mailed or electronic fund transfer made in accordance with Section 44-305.231(QR). (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11006.2, and 11265.1, Welfare and Institutions Code.

Amend Section 44-340 to read:

44-340 UNDERPAYMENTS

44-340

.1 General (Continued)

.13 The county shall take all reasonable steps necessary to correct promptly any underpayment that comes to the county's attention. (Continued)

.133 Section 44-340.133(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If information reported on the QR 7 results in an increase of cash aid, and the county cannot increase the grant by the first day of the month of the next QR Payment Quarter, a supplement shall be issued for that month, and cash aid increased for the remaining months of that quarter provided that the recipient reported the information timely.

.14 Section 44-340.14(MR) shall become inoperative and Section 44-340.14(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A reduced income supplemental payment which was correctly computed, based on the assistance unit's reasonable estimate of the income and other circumstances for the payment month, shall not be subject to an underpayment determination. If there is a computational error, the payment shall be corrected.

(QR) A mid-quarter supplemental payment resulting from a voluntary mid-quarter report which was correctly computed based on a recalculation of reasonably anticipated income and/or other changed AU circumstances shall not be considered an underpayment and is not subject to an overpayment offset. (Continued)

.3 Calculating the Underpayments

The calculation of the underpayment is as follows: (Continued)

.32 Section 44-340.32(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) An underpayment occurs when the AU receives less cash aid than the AU was entitled to receive and would be based on regulations in effect at the time the underpayment occurred.

(QR) .321 The county shall not reconcile actual verified income against prospectively budgeted income that was used in the grant calculation as income that was reasonably anticipated at the time benefits were calculated.

.33 Section 44-340.33(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) No underpayment shall be established when a change in circumstances occurs or actual income received is less than what was reasonably anticipated during the QR Payment Quarter and the recipient did not voluntarily report the change in circumstances or the decrease of income during the QR Payment Quarter in accordance with Section 44-316.31(QR).

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11004.1, 11265.1, 11265.2, 11265.3, and 11450.5, Welfare and Institutions Code.

- 1) Amend Section 44-350 to read:
- 2) Renumber Section 44-350.6 to .18 and amend to read:

44-350 OVERPAYMENTS -- GENERAL (Continued)

44-350

.1 General (Continued)

.17 Section 44-350.17(MR) shall become inoperative and Section 44-350.17(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A reduced income supplemental payment which was correctly computed, based on the assistance unit's reasonable estimate of the income and other circumstances for the payment month, shall not be subject to an overpayment determination. If there is a computational error, the payment shall be corrected.

(QR) A supplemental payment which was correctly computed, based on the county's determination of reasonably anticipated income, shall not be subject to an overpayment determination provided that the recipient's report, upon which the county based its determination, was complete and accurate. If there is a computational error, the supplemental payment shall be corrected.

~~.618~~ Section 44-350.~~618~~18(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) ~~When Overpayments Will Not Be Assessed~~

An overpayment shall not be assessed based on any differences between the amount of income the county reasonably anticipated the recipient would receive during the QR Payment Quarter and the income the recipient actually received during that period, provided the recipient's reports were complete and accurate. (Continued)

.5 Section 44-350.5(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Overpayments Due to the Inability to Provide Ten-Day Notice of Adverse Action

An overpayment shall be assessed when the AU receives more cash aid than the AU was entitled to receive because the county was unable to provide ten-day notice of an adverse action following receipt of a mandatory recipient report, including the QR 7.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11004 (Ch. 270, Stats. 1997), 11004.1, 11056, and 11265.1, Welfare and Institutions Code; Section 37 of AB 444 (Ch. 1022, Stats. 2002); 45 CFR 233.20(a)(13); and Administration for Children and Families (ACF) Action Transmittals (AT) 94-11 and 94-20.

- 1) Amend Section 44-352 to read:
- 2) Amend Sections 44-352.111(QR) and .112, and Handbook Section 44-352.121(a)(2)(QR) to read:

44-352 OVERPAYMENT RECOUPMENT

44-352

.1 Calculation of the Overpayment

When it is determined that an overpayment exists, calculate the amount of the overpayment and determine the appropriate methods of recovery.

.11 Overpayment due to "excess property"

.111 Section 44-352.111(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(QR) ~~Excess property overpayments shall be assessed based on information that should have been reported on the QR 7. If an AU held excess property in the QR Data Month and failed to report it on the appropriate QR 7 or if the county failed to act correctly on the QR 7, Unless the excess property was spent down prior to the first day of the next QR Payment Quarter, which followed the QR 7 on which the excess property should have been reported, the county shall determine the an excess property overpayment based on an accurate report and/or correct county action: when: Also see Section 40-125.951(QR).~~

(a) Property information that should have been reported on the QR 7 was not reported; or

(b) The county failed to act correctly on property information reported on the QR 7. Also see Section 40-125.951(QR).

.112 When a recipient has held property in excess of eligibility limits, the overpayment shall be calculated as follows:

(a) (Continued)

(1) (Continued)

(b) (Continued)

(c) (Continued)

(d) (Continued)

(1) (Continued)

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(A) (Continued)

1. (Continued)
2. (Continued)
3. (Continued)
4. (Continued)
5. (Continued)
6. (Continued)

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- (e) If the county determines that the recipient received aid in "good faith", in accordance with .112(d) above, the amount of the overpayment is the lesser of the amount of excess property calculated in .112(b) above or the total grant paid as calculated in .112(c) above.

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(1) (Continued)

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- (f) If the county determines that the recipient did not receive aid in "good faith", the amount of the overpayment shall be the total grant paid during the month(s) the excess property was held, as calculated in .112(c) above.

.12 Overpayment due to income or need or circumstances other than excess property.

Section 44-352.12(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) An overpayment shall be assessed when an AU receives more cash aid than entitled to as a result of not reporting income or circumstances timely, or the county does not act correctly on a recipient report, or the county did not act timely. The county shall redetermine the cash aid the recipient should have received based on the required report and correct county action.

.121 (Continued)

(a) (Continued)

- (1) Sections 44-352.121(a)(1)(QR) and (2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to Director's QR/PB Declaration.
- (QR) If a recipient fails to report income timely or the county fails to act correctly or timely on a recipient report, the county shall redetermine the cash aid the recipient should have received based on an accurate report and correct county action. If the recalculation results in an overpayment, the date that the overpayment begins is the first date that the change would have been made if timely and correct action had been taken based on the complete, timely and accurate recipient report.
- (QR) (2) When recomputing cash aid results in an overpayment, the county shall recreate case circumstances using the correct county processing time frames based on what the recipient should have reported.

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Handbook Section 44-352.121(a)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to Director's QR/PB Declaration.

- (QR) In the quarter designated as October/November/December 2004, the county determines through an IEVS match that an AU had income that exceeded the IRT early January 2005 (January 5). (The quarter in which the income was received was January/February/March). The AU is still receiving the same level of income in the current July/August/September 2005 quarter and has never reported the income in a mid-quarter report or on any of the QR 7s that have been submitted. The county determines that the AU should have reported this change by January 15, and should have been discontinued due to financial ineligibility effective January 31. The AU should be discontinued with a 10-day notice and An overpayment would be established beginning February 1 through the month of discontinuance.

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(b) (Continued)

All of the following methods may be used concurrently. However, those methods should be used that will result in the maximum recovery.

.41 Grant Adjustments

Section 44-352.41(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's Declaration.

(QR) Under QR/PB, recoupment by grant adjustment shall only be initiated at the beginning of a QR Payment Quarter. Grant adjustment shall be discontinued mid-quarter when the debt is paid in full. A new overpayment collection may continue mid-quarter by grant adjustment if the new collection of the overpayment does not decrease aid mid-quarter.

.42 If the overpayment is to be recovered by grant adjustment, the following method shall be used:

.421 (Continued)

.422 (Continued)

.423 (Continued)

.424 (Continued)

.43 (Continued)

.44 (Continued)

.45 (Continued)

.451 (Continued)

.46 Nothing in .44 or .45 above shall preclude the county from arriving at a reasonable settlement of its demand for repayment with the recipient or former recipient.

.47 (Continued)

.48 (Continued)

Authority Cited: Sections 10553, 10554, and 11004(h), Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11004, 11004.1, 11008 (Ch. 270, Stats. 1997), 11017, 11155, 11155.1, 11155.2, 11257, 11265.1, 11265.2, 11450, 11450.5, 11451.5,

11452, 11453, and 11453.2, Welfare and Institutions Code; Darces v. Woods (1984) 35 Cal.3rd 871:201 Cal.Rptr. 807, and Ortega v. Anderson, Case No. 746632-0 (Alameda Superior Court) July 11, 1995.

Amend Section 44-400 to read:

44-400 REDUCED INCOME SUPPLEMENTAL PAYMENTS

44-400

Section 44-400(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) .1 Definitions

(MR) (a) "Reduced Income Supplemental Payment" means a payment issued to help maintain an AFDC assistance unit during the time it takes for the assistance payment to reflect a change in income. Reduced income supplemental payments are made to assistance units which experience a decrease or termination of reported income, as defined in MPP Section 44-402.22(MR), which leaves the assistance unit needy as a result of the time lag inherent in the retrospective budgeting process. New or increased allowable disregard amounts in the reduced income supplemental payment month may result in eligibility for a reduced income supplemental payment.

(MR) (b) "Reduced Income Supplemental Payment Month" means the month in which the reduced income supplemental payment is requested and for which eligibility for the reduced income supplemental payment exists.

(MR) (c) "Net available income" means the actual income, including the retrospectively budgeted grant, available to the assistance unit for living expenses in the Reduced Income Supplemental Payment Month. See Section 44-402.2(MR).

(MR) .2 General

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(MR) .21 There is no federal financial participation available for Reduced Income Supplemental Payments.

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Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Section 37 of AB 444 (Chapter 1022, Statutes of 2002).

Amend Section 44-401 to read:

44-401 ELIGIBILITY FOR A REDUCED INCOME SUPPLEMENTAL PAYMENT 44-401

Section 44-401(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) .1 An assistance unit shall not be eligible for a reduced income supplemental payment if the assistance unit's total estimated net nonexempt income for the reduced income supplemental payment month is the same as, or greater than, the total net nonexempt income budgeted from the corresponding budget month.

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(MR) (See Section 44-113 for computation of net nonexempt income.)

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(MR) .2 An assistance unit shall be eligible for a reduced income supplemental payment if its estimated net nonexempt income for the reduced income supplemental payment month is lower than its reported net nonexempt income in the corresponding budget month and if the following conditions are met:

(MR) .21 The assistance unit is eligible for AFDC in the reduced income supplemental payment month or the assistance unit is in a month of suspension resulting from the receipt of income.

(MR) .22 The estimated net available income for the reduced income supplemental payment month is less than 80 percent of the MAP for the assistance unit.

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(MR) (See Section 44-402.2(MR) regarding net available income.)

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(MR) .23 The assistance unit has requested the reduced income supplemental payment in the same month in which eligibility for the reduced income supplemental payment exists. The month in which eligibility exists is the reduced income supplemental payment month.

(MR) .231 The assistance unit shall use the AFDC Reduced Income Supplemental Payment Request form (CA 40) to request the reduced income supplemental payment.

(MR) .232 The date of receipt of the CA 40 shall be determined as follows:

(MR) (a) If the recipient hand-delivers the CA 40 to the CWD, the date the CWD receives the request shall constitute the date the request is made.

(MR) (b) If the CA 40 is mailed, the date of postmark shall constitute the date the request is made. When the postmark is illegible and the CWD receives a CA 40 for a reduced income supplemental payment for the current month, the CWD shall presume, in the absence of other evidence, that such request was made during the current month if the CA 40 is dated in the current month. When the postmark is illegible and the CWD receives a CA 40 for the prior month, the CWD shall presume that the recipient made a request during the prior month if the CA 40 is received by the CWD by the second postal delivery day of the current month and the CA 40 is dated in the prior month.

(MR) .233 Such a request shall provide the CWD with the following information:

(MR) (a) All information necessary for the CWD to estimate the reduced income supplemental payment month's income and circumstances, to the extent that the recipient is able to provide such information.

(MR) (b) Adequate verification of the expected drop in income, if available to the recipient; if unavailable, the recipient shall authorize the CWD to obtain verification. Where verification is unobtainable, the CWD may accept the declaration in (c) below in lieu of verification.

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(MR) (See Section 40-157.2 for more detail on procedures for gathering evidence.)

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(MR) (c) A declaration under penalty of perjury that, to the best of the recipient's knowledge, the information provided is true and correct. The Reduced Income Supplemental Payment Request form (CA 40) shall be sufficient for this purpose.

(MR) .3 Eligibility for a reduced income supplemental payment shall be determined for each request.

(MR) .4 No more than one reduced income supplemental payment per month may be granted to an assistance unit even if the actual net available income is lower than estimated. However, if there is an error in the computation of the net available income, the reduced income supplemental payment shall be corrected.

(MR) .5 If a reduced income supplemental payment is granted in a suspense month because of a significant drop in the family's income, aid payments for the two months following the suspension shall be computed using prospective budgeting.

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(MR) (See Section 44-315.63.)

(MR) .51 In these circumstances, a reduced income supplemental payment would not be made in the month following the suspension.

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(MR) .6 No reduced income supplemental payment shall be made to any assistance unit when such payment would be counted as income under the federal AFDC program.

(MR) .7 The needs of any person who has been excluded from the assistance unit shall not be considered when computing the reduced income supplemental payment for the remaining eligible members of the assistance unit.

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(MR) For example, see MPP Section 43-107.47.

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Authority Cited: Sections 10552 and 10554, Welfare and Institutions Code.

Reference: Section 37 of AB 444 (Chapter 1022, Statutes of 2002).

Amend Section 44-402 to read:

44-402 COMPUTATION OF A REDUCED INCOME
SUPPLEMENTAL PAYMENT

44-402

Section 44-402(MR) et seq. shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) .1 A reduced income supplemental payment shall equal the difference between 80 percent of the AU MAP level minus the family's available net nonexempt income estimated for the reduced income supplemental payment month.

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(MR) .11 See Section 44-315.3+21 for the current 80% of MAP amounts.

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(MR) .12 When the subtraction of the net available income from 80 percent of the MAP level results in zero or less than zero, there shall be no reduced income supplemental payment.

(MR) .2 Net available income is determined by adding the retrospectively budgeted grant amount as described in Section 44-402.21(MR) to the estimated other available income, as described in Section 44-402.22(MR).

(MR) .21 The total grant amount, in accordance with Section 44-315.43, retrospectively budgeted from the budget month to the payment month, that the assistance unit would otherwise receive with the following exceptions:

(MR) .211 Special needs shall not be considered part of the grant amount for the payment month. This includes recurring special needs, nonrecurring special needs and the pregnancy special need payment.

(MR) .212 The amount that would otherwise be adjusted to recover an overpayment shall not be considered when considered the amount for the payment month.

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(MR) Note: Any overpayment recoupment that was based on retrospectively budgeted income that is not available in the payment month shall be corrected in accordance with MPP Section 44-352.4.

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- (MR) .213 Any portion of the grant which represents a child support penalty shall not be considered when computing the grant amount for the payment month.
- (MR) .22 The total net nonexempt income estimated to be available in the reduced income supplemental payment month shall be established in accordance with the income definitions in Chapter 44-100 plus the \$50 child/spousal support disregard.
- (MR) .3 The ten dollar (\$10) payment limit specified in Section 44-315.5 shall not apply to the reduced income supplemental payments.
- (MR) .4 Liquid resources and underpayment adjustments for prior months shall not be considered net available income.
- (MR) .5 A reduced income supplemental payment shall not be considered income when calculating the amount of the grant to be paid in future months.
- (MR) .6 No overpayment or underpayment shall be assessed against a reduced income supplemental payment which was correctly computed based on the assistance unit's reasonable estimate of expected income and other circumstances for the reduced income supplemental payment month.

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(MR) .7 Example of Reduced Income Supplemental Payment Issuance:

An AU of two, a mother and one child, nonexempt and residing in Region 1, has a grant of \$188 in January. The mother's hours of employment are reduced effective December 31 of the preceding year. She was receiving \$500 a month but her wages were reduced to \$295 and she expects no additional income in January. She receives \$50 child support disregard per month from the county welfare department for child support received by the county. The mother applies for a RISP on January 8. The county determines that there is a decrease in net nonexempt earned income from November to January.

Computation:

Step 1 - Computing Total Available Income

\$ 295	Estimated earned income in January
<u>- 225</u>	Income Disregard
\$ 70	Subtotal
<u>- 35</u>	50% Earned Income Disregard
\$ 35	Net Nonexempt Income

+188	Aid in January (before overpayment adjustment, if applicable)
+ 50	Child Support Disregard received in January
<u>+ 35</u>	Net nonexempt income
\$ 273	Total available income in January

Step 2 - Computing RISP Payment

\$ 394	80% of AU MAP (\$493) for two
<u>- 273</u>	Minus Total Available income
\$ 121	Reduced Income Supplemental Payment

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Authority Cited: Sections 10553, 10554, 11450, and 11453, Welfare and Institutions Code.

Reference: Sections 11008, 11017, 11255, 11450, 11450.015, 11450.12, 11450.2, and 11451.5, (Ch. 270, Stats. 1997), Welfare and Institutions Code; Section 37 of AB 444 (Chapter 1022, Statutes of 2002); 45 CFR 237.27; Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992; and Letters from the Department of Health and Human Services, Administration for Children and Families, dated February 29, 1996, March 11, 1996, and March 12, 1996.

Amend Section 47-220.31 to read:

47-220 ELIGIBLE CLIENTS (Continued) 47-220

.3 Other Stage One Clients Stage One child care shall also be paid for the following individuals:

.31 Section 47-220.31(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Clients During a Suspense Month Stage One clients who experience a period of temporary ineligibility for a cash grant that is not longer than one month, as long as they are participating in county-approved activities, or are employed; (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: 42 U.S.C. 601 et seq., 42 U.S.C. 607(c)(1)(B)(ii); 42 U.S.C. 609(a)(3); 42 U.S.C. 9858i(a)(2)(A); 42 U.S.C. 9801 Note (b)(4); Sections 8263, 8350.5, 8351(c), 8353, 8354 and 8357, Education Code; Sections 10540, 10544, 11265.2, 11266.5, 11320.3, 11322.8, 11323.2 and 11323.8, Welfare and Institutions Code.

Amend Section 47-320.2 to read:

47-320	INFORMATION COLLECTION (Continued)	47-320
.2	Client Responsibility	The following information shall be provided by the client: (Continued)
.27		Section 47-320.27(MR) shall become inoperative and Sections 47-320.27(QR) and .28(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR)	Change in Family Size or Income	Information about changes in family size and composition or changes in family income.
(QR)	Change in Family Size and Composition	Information about changes in family size and composition when an absent parent of a child receiving child care moves into the home or another child moves into the home, including newborns; or
(QR) .28	Change in Family Income	Information about changes in income that result in the family income reaching or exceeding the family fee thresholds provided in the Family Fee Schedule established by the Superintendent of Public Instruction pursuant to Education Code Section 8263. (See Handbook Section 47-401.8). Information about changes in income that reduce or eliminate the family fee shall also be reported.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: 42 U.S.C. 9858i(a)(2)(A) and (a)(2)(E); 45 CFR 98.20(a)(1)(ii); 45 CFR 98.71(a) and (b); Sections 8208.1, 8263, 8352 and 8357, Education Code; Sections 11054 and 11323.2, Welfare and Institutions Code.

Amend Section 48-001.114 to read:

48-001 COUNTY DEPARTMENT RESPONSIBILITY FOR RECORDS 48-001

.1 The county shall maintain a record for each applicant and recipient which identifies each individual and family, their address and household composition for AFDC. The record shall identify each child and his/her parents, their address and household composition. (See Section 20-005 on record requirements for fraud cases.) The record shall also include:

.11 Records - Eligibility and Grant (Continued)

.114 Section 48-001.114(MR) shall become inoperative and Section 48-001.114(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The basis for county action granting, denying, changing, suspending, delaying, cancelling, or discontinuing aid.

(QR) The basis for county action granting, denying, changing, not changing following a recipient mid-quarter report, delaying, cancelling, or discontinuing aid.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11265.3, Welfare and Institutions Code.

Amend Section 80-301 to read:

80-301 DEFINITIONS

80-301

The following definitions apply to the regulations in Divisions 40 through 50 and 80 through 90.

(a) (Continued)

(9) Assistance Unit (AU)

Section 80-301(a)(9)(MR) shall become inoperative and Section 80-301(a)(9)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)

"AU" means a group of related persons living in the same home who have been determined eligible for AFDC.

(QR)

"AU" means a group of related persons living in the same home who have been determined eligible for CalWORKs and for whom cash aid has been authorized.

(b) (Continued)

(c) (Continued)

(5)

Section 80-301(c)(5)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) County Initiated Actions

"County Initiated Actions" means Mid-quarter actions that the county is required to take pursuant to Section 44-316.33(QR).

(d) (Continued)

(e) (Continued)

(f) (Continued)

(g) (Continued)

(h) (Continued)

(i) (Continued)

(j) (Continued)

(k) (Continued)

(l) (Continued)

(m) (Continued)

(2)

Section 80-301(m)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration

(QR) Mandatory Recipient Reports

"Mandatory Recipient Reports" means mid-quarter reports that recipients are required to make within ten days of occurrence to the county pursuant to Section 44-316.32(QR).

(3) Medical Verification of Pregnancy

(Continued)

(4)

Section 80-301(m)(4)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration

(QR) Mid-Quarter Reports

"Mid-Quarter Reports" means any change reported during the QR Payment Quarter outside of the QR 7 report process.

(5) Minor Parent

(Continued)

(n) (Continued)

(o) (Continued)

(p) (Continued)

(q) (Continued)

(r) (Continued)

(s) (Continued)

(t) (Continued)

(u) (Continued)

(v) (1)

Section 80-301(v)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Voluntary Recipient Reports

"Voluntary Recipient Reports" means mid-quarter reports that recipients may make to the county pursuant to Section 44-316.31(QR).

(w) (Continued)

(x) (Continued)

(y) (Continued)

(z) (Continued)

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

TERM	PREVIOUS CITE	REFERENCE
Assistance Unit	N/A	45 CFR 233.90, 42 USCA(a)(38), and SSA-AT-86-01.
County Initiated Actions	N/A	Section 11265.2, Welfare and Institutions Code.
Mandatory Recipient Reports	N/A	Section 11265.3, Welfare and Institutions Code.
Mid-Quarter Reports	N/A	Section 11265.3, Welfare and Institutions Code.
Voluntary Recipient Reports	N/A	Section 11265.3, Welfare and Institutions Code.

Amend Section 80-310 to read:

80-310 DEFINITIONS -- FORMS

80-310

(a) (Continued)

(b) (Continued)

(c) (Continued)

(7)

Section 80-310(c)(7)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) CA 22

The "Alien Sponsor's Statement of Facts Regarding Income and Resources (Supplemental Application for Food Stamps and AFDC)" (Rev. 10/85) is the form used to collect the information about the alien sponsor necessary to determine the eligibility of an applicant who is a sponsored alien. (Continued)

(12)

Section 80-310(c)(12)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) CW 7

The "Monthly Eligibility Report" (Rev. 7/00) is used to collect information for cash aid and food stamps. The CW 7 replaces the CA 7. (Continued)

(16)

Section 80-310(c)(16)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) CW 20

The "Statement of Facts Supporting Eligibility for Assistance -Redetermination" is used to collect the information necessary to determine eligibility at the time of the annual redetermination. (Continued)

(d) (Continued)

- (e) (Continued)
- (f) (Continued)
- (g) (Continued)
- (h) (Continued)
- (i) (Continued)
- (j) (Continued)
- (k) (Continued)
- (l) (Continued)
- (m) (Continued)
- (n) (Continued)
- (o) (Continued)
- (p) (Continued)
- (q)

Sections 80-310(q)(1)(QR) through (11)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) (1) QR 2

The "Reporting Changes for Your Cash Aid Assistance Unit and Food Stamp Households" (Rev. 4/03) may be used to inform the recipient of their Income Reporting Threshold (IRT) and reporting responsibilities.

(QR) (2) QR 3

The "Mid-Quarter Status Report" (Rev. 4/03) may be used by recipients to report mandatory and/or voluntary mid-quarter changes in writing. Clients are not mandated to use this form and counties shall also accept mid-quarter reports that are submitted in a manner other than on the QR 3.

- (QR) (3) QR 7
- The “Quarterly Eligibility/Status Report” (Rev. 4/03) is used to collect information to determine eligibility and benefits for cash aid and food stamps. The QR 7 comes with an addendum that lists examples of income and expenses and the penalties for fraud.
- (QR) (4) QR 7A
- The "How to Fill Out Your QR 7" (Rev. 4/03) instructs recipients on how to fill out the Quarterly Report (QR 7). The QR 7A shall be given to applicants at the time of application and to recipients at each annual redetermination. The form shall also be made available anytime the client requests it.
- (QR) (5) QR 22
- The “Sponsor’s Statement of Facts Income/Resources (Supplemental Application for Food Stamps and CalWORKs)” (Rev. 9/03) is used to collect necessary information about a noncitizen’s sponsor for determining eligibility for the noncitizen.
- (QR) (6) QR 25A
- The “Payee Agreement/Minor Parent” (Rev. 5/04) is used in minor parent cases to delegate an adult payee.
- (QR) (7) QR 29
- The “Applicant Test” (Rev. 5/04) is used to determine if the applicant is eligible for Cash Aid.
- (QR) (8) QR 30
- The “CalWORKs Budget Worksheet” (Rev. 6/04) is used to determine the aid payment amount for the AU.
- (QR) (9) QR 72
- The “Sponsor’s Quarterly Income and Resources Report” (Rev. 5/04) is used to gather necessary information each quarter from a noncitizen’s sponsor that is used to determine continuing eligibility and grant level for the noncitizen.
- (QR) (10) QR 73
- The “Senior Parent Quarterly Income Report” (Rev. 6/04) is used to collect necessary information from the senior parent to determine continuing eligibility and grant levels for the minor parent.

(QR) (11) QR 2103

The "Reminder for Teens Turning 18 Years Old" (Rev. 10/03) is used to inform recipient children who will be turning 18 within 60 days of the requirements for continued eligibility.

(r) (Continued)

(s) (Continued)

(3)

Section 80-310(s)(3)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) SAWS 2A-QR

The "Rights, Responsibilities and Other Important Information" (Rev. 8/03) is used to inform applicants and recipients of their rights and responsibilities.

(4) (Continued)

(5) (Continued)

(6) (Continued)

(7) (Continued)

(t) (Continued)

(5)

Section 80-310(t)(5)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) TEMP QR 1

The "New Reporting Requirements for CalWORKs and Food Stamp Recipients" (Rev. 8/03) is a mass informing notice sent to recipients on a monthly basis for a period of three months before and three months after implementation of QR/PB. The informing notice shall be given to applicants who apply during the reporting transition. This notice explains the change from monthly reporting to quarterly reporting.

(6) (Continued)

(u) (Continued)

(v) (Continued)

(w) (Continued)

(x) (Continued)

(y) (Continued)

(z) (Continued)

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: 45 CFR 206.10(a)(8); Sections 10553, 10950, 11054, 11265.1, 11265.2, 11265.3, 11450(b), 12300, 12300.2, 12304, 12304.5, and 14132.95, Welfare and Institutions Code, and Judgment Re: Tyler v. Anderson, Sacramento Superior Court Case No. 376230, dated January 22, 1999.

Amend Section 82-612.3 to read:

82-612 UNEMPLOYMENT INSURANCE BENEFITS (UIB) (Continued) 82-612

.3 Date of Discontinuance Section 82-612.3(MR) shall become inoperative and Section 82-612.3(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The county shall discontinue the AU on the last day of the month in which a person who is required to apply for or accept UIB fails to do so, or fails to meet one of the eligibility conditions in Section 82-612.7.

(QR) The county shall discontinue the AU at the end of the QR Payment Quarter in which a person who is required to apply for or accept UIB fails to do so, or fails to meet one of the eligibility conditions in Section 82-612.7. (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11265.2, and 11270, Welfare and Institutions Code and 45 CFR 233.20(a)(3)(ix).

Amend Section 82-812.687(a) to read:

82-812	TEMPORARY ABSENCE (Continued)	82-812
.6	Exceptions to One Full Calendar Month Time Limitation (Continued)	
.68	(Continued)	
.687	(Continued)	
(a)	Section 82-812.687(a)(MR) shall become inoperative and Section 82-812.687(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.	
(MR)	Monthly eligibility reporting requirements for reunification cases are set forth in Section 40-181.223(MR).	
(QR)	Quarterly eligibility reporting requirements for reunification cases are set forth in Section 40-181.223(QR).	

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11203, 11265.1, 11269, 11323, and 11454, Welfare and Institutions Code; and 42 USC 408(a)(10).

Amend Section 82-820 to read:

82-820 INCLUDED PERSONS

82-820

.1 Assistance Unit

Section 82-820.1(MR) shall become inoperative and Section 82-820.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)

An AU shall be established when all eligibility factors have been determined.

(QR)

An AU shall be established when all eligibility factors have been met and aid has been authorized. (Continued)

.3 Mandatory Inclusion

Section 82-820.3(MR) shall become inoperative and Section 82-820.3(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)

The AU shall include the following persons when living in the same home and eligible:

(QR)

The AU shall include the following persons when living in the same home and eligible at the time of initial family application (see Section 44-317) or at the beginning of the QR Payment Quarter following the mandatory reporting of the individual on the QR 7 (see Section 44-318): (Continued)

Authority Cited: Sections 10553, 10554, 10604, and 11369, Welfare and Institutions Code.

Reference: 42 USCA 606; 45 CFR 206.10(a)(1); 45 CFR 233.10(a)(1), (a)(1)(iv) and (vii); 45 CFR 233.90(c)(1)(v)(A); 45 CFR 237.50(b)(5); 45 CFR 250.34; SSA-AT-86-01; Section 242, California Civil Code; Edwards v. Healy, Civ. S. 91-1473 DFL (1992); Sections 10553, 10554, 10604, 11000, 11254, 11265.3, 11400, 11450, and 11450.16, Welfare and Institutions Code; and ACF-AT-94-5.

2) Amend Section 82-824.1 to read:

82-824 ASSISTANCE UNITS THAT SHALL BE COMBINED (Continued) 82-824

.1 Combining AUs (Continued)

(QR) .14 Combining AUs Mid-Quarter

(QR) .141 When a voluntary report is made that would combine separate AUs mid-quarter, the county shall determine if the mid-quarter action of combining the AUs would increase or decrease aid for the separate AUs.

(QR) .142 The county shall compare the monthly grant for the combined AUs to the total combined monthly grants of the separate AUs.

(QR) .143 If the combined AU's monthly grant would be higher than the total combined monthly grant of two separate AUs, the county shall take mid-quarter action to combine the AU's the first of the month following the voluntary report.

(QR) .144 If the combined AU's monthly grant does not result in an increase to the total combined monthly grant of the separate AUs, the county shall not take mid-quarter action to combine the AUs. The combining of the separate AUs shall be effective the first of the next QR Payment Quarter, after the change(s) is reported on the QR 7.

Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: 45 CFR 206.10(a)(1); 45 CFR 233.90; 45 CFR 237.50(b)(5); United States Department of Health and Human Services, Office of Family Assistance, Aid to Families with Dependent Children Action Transmittal No. SSA-AT-86-1; Section 242, California Civil Code; Anderson v. Edwards 115 S.Ct. 1291 (1995); and Sections 10553, 10554, 10604, 11000, 11265.3, and 11450, Welfare and Institutions Code.

- 1) Amend Section 82-832 to read:
- 2) Amend Section 83-832.3(QR) to read:

82-832 EXCLUDED PERSONS(Continued)

82-832

- .3 Add a Person Who Becomes Ineligible Prior to Authorization of Aid

Section 82-832.3(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR)

A new person who has been mandatorily reported on the QR 7 and determined eligible based on the QR 7 information, shall be treated as an excluded person for the next QR Payment Quarter when ineligibility occurs after the QR Data Month but prior to the authorization of aid (see Section 40-171.221). This person's income and needs, as reported on the QR 7, shall be treated in accordance with Section 44-133.5 for the next QR Payment Quarter ~~for the remaining AU members~~ and the AU shall be discontinued at the end of that quarter in which the individual was treated as an excluded person, if the subsequent QR 7 establishes that ineligibility continues to exist for the AU.

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Example:

An AU is aided based on absent parent deprivation. The current QR Payment Quarter is January/February/March. In January, the absent father returned to the home and is reported for the first time on the QR 7 for the Data Month of February. The father, who was determined to be the principal earner, was receiving UIB in the first month (January) and in the Data Month and was initially determined eligible as an unemployed parent based on the QR 7 information. However, when the county completed the interview in the Submit Month, it was learned that the father had accepted a full-time job in the Submit Month of March. Since the principal earner has accepted full-time employment and deprivation due to unemployment was not established prior to the authorization of aid for the father, the county shall deny aid to the father in accordance with Section 40-171.221(g) and instruct the AU to report the father's full-time employment on the QR 7 due in June (for May). Because ineligibility for the father has occurred after the QR Data Month but prior to the authorization of aid, his reasonably anticipated income as reported on the QR 7 for February, and needs shall be treated as those of an excluded person in accordance with Section 44-133.5 for the next QR Payment Quarter. The existing AU's

deprivation is not affected until the father's full-time employment that occurred mid-quarter (in March) is reported on the subsequent QR 7. If the subsequent QR 7 establishes that ineligibility exists for the AU, the county shall discontinue cash aid at the end of that quarter once timely and adequate notice has been provided.

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Authority Cited: Sections 10553, 10554, 10604, 11270, and 11369, Welfare and Institutions Code.

Reference: 8 CFR 213a. and 299; 45 CFR 205.42(d)(2)(v)(A) and (B), as printed in Federal Register, Vol. 57, No. 198, Tuesday, October 13, 1992, page 46808, 45 CFR 205.52, 45 CFR 206.10(a)(5)(i), 45 CFR 232.12(d), 45 CFR 233.10(a)(1)(i), (a)(1)(i)(B), and (a)(3), 45 CFR 233.20(a)(1)(i), (a)(3)(ii)(C) and (F), and (a)(3)(ix), 45 CFR 233.50, 45 CFR 233.51, 45 CFR 233.90(c), (c)(1), and (c)(2)(iv), 45 CFR 233.100(a)(5)(ii), 45 CFR 233.106, 45 CFR 240.22, and 45 CFR 250.34(a) and (c), and (c)(2); and Sections 11008.13, 11104, 11157, 11201(b), 11203, 11251.3, 11263.5, 11265.1, 11265.2, 11265.3; 11268, 11270, 11315, 11320.6(e), 11327.5(c), 11406.5, 11450, 11450.5, 11454, 11454.5, 11477, 11477.02, 11486, and 11486.5, Welfare and Institutions Code; and the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, Section 115.

- 1) Amend Section 89-110 to read:
- 2) Amend Section 89-110.262(QR) and Handbook Sections 89-110.32(QR) Example 11 and .33(QR) Examples 14 and 18 to read:

89-110 MAXIMUM AID PAYMENT (MAP) LEVEL AND MAP 89-110
 RESTRICTION (Continued)

.2 Exempt and Nonexempt AUs The CWD shall determine whether an AU is an Exempt or Nonexempt AU for purposes of the MAP amounts specified in Section 44-315.311 by using the rules in this section. (Continued)

.26 Review of AU Exemption Status (Continued)

.262 Section 89-110.262(MR) shall become inoperative and Section 89-110.262(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Monthly Eligibility Report Received The CWD processes the Monthly Eligibility Report submitted by the AU.

(QR) Quarterly Eligibility Report Received The county processes the Quarterly Eligibility Report submitted by the AU.

.28 Section 89-110.28(MR) et seq. shall become inoperative and Section 89-110.28(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Use of Exempt AU MAP Amount The CWD shall use the Exempt AU or Nonexempt AU MAP in the budgeting process as follows:

(QR) Use of Exempt/Nonexempt Amount The county shall use the Exempt or Nonexempt AU MAP corresponding to the AU's MAP status that is reasonably anticipated for the QR Payment Quarter. (Also see Sections 89-110.291(QR) and .292(QR).)

.281	Section 89-110.281(MR) shall become inoperative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR) During Prospective Budgeting	During prospectively budgeted months, the CWD shall use the MAP corresponding to the AU status in that month.
.282	Section 89-110.282(MR) shall become inoperative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR) During Retrospective Budgeting	During retrospective budgeted months, the CWD shall use the MAP corresponding to the AU status in the budget month except as provided in Section 89-110.283(MR).
.283	Section 89-110.283(MR) shall become inoperative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR) Transition from Application	For the month of beginning date of aid, and for the three subsequent months, when the month of beginning date of aid and subsequent month are prospectively budgeted, the CWD shall use the MAP corresponding to the actual AU exemption status existing in the month.
.29 Change in Status	Section 89-110.29(MR) shall become inoperative and Section 89-110.29(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
(MR)	Except as specified in Section 89-110.283(MR), when the AU status changes between Exempt and Nonexempt, the CWD shall change the MAP effective for the payment month when the first month of the new status is the budget month.
(QR)	When the AU status changes between exempt and nonexempt, the county shall change the MAP status effective as follows:

.291 Section 89-110.291(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If the change is reported on the QR 7, the change in status shall be effective the first day of the next QR Payment Quarter.

.292 Section 89-110.292(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If the change is reported mid-quarter and the change in status will increase cash aid as specified in Section 44-316.31(QR), the change in status shall be effective the first day of the month following the report of the change when verification has been provided.

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.3 Handbook Section 89-110.3(MR) shall become inoperative and Handbook Section 89-110.3(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Examples of Exempt and Nonexempt AUs, Financial Eligibility Determination and Grant Calculation

(QR) Examples of Exempt and Nonexempt AUs, Financial Eligibility Determination, Quarterly MAP Status Determination, and Mid-Quarter MAP Status Changes (Continued)

.32 Handbook Section 89-110.32(MR) shall become inoperative and Handbook Section 89-110.32(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Determining Financial Eligibility

(QR) Determining MAP Status for Applicants

Handbook Section 89-110.32(MR) Example 11 shall become inoperative and Handbook Section 89-110.32(QR) Example 11 shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 11 – Determining Status in the Month of Application

(MR) An initial application is made January 4 for an AU consisting of a father and two children. The father receives SSI/SSP at application. The SSI/SSP ends on February 28. Because eligibility is always determined concurrently, the CWD uses the Exempt MAP to determine financial eligibility for January and February and the Nonexempt MAP for March.

(QR) Example 11 – Determining MAP Status for Applicants

(QR) An initial application is made January 4 for an AU consisting of a father and two children. The applicant AU is placed in a January/February/March quarter. When applying for aid, the father was in receipt of SSI/SSP. The SSI/SSP ends on February 28. Since the MAP status is determined prospectively for the entire quarter based on the applicant's status at the time application is ~~made~~ approved, the county uses the Exempt MAP to determine financial eligibility and cash aid for the entire quarter.

Handbook Section 89-110.32(MR) Examples 12 and 13 shall become inoperative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 12 – Determining Status for Recipients

(MR) The recipient began receiving SDI on January 5. The recipient reported the income timely and provides proof of the income. Based on these facts, the recipient's status changed to Exempt effective as of the month of February. Because eligibility is always determined concurrently, and assuming the recipient continues to receive SDI during these months, the CWD should use exempt MAP to determine financial eligibility for February, March, and following months until the recipient's status changes.

(MR) Example 13 – The AU Changes from Nonexempt to Exempt to Nonexempt MAP

(MR) An AU consists of a mother and her child. The mother begins receiving SDI on March 15 and the SDI ends on April 22. To determine financial eligibility, the CWD uses the Nonexempt MAP for March because the mother began receiving the SDI after the first of the month, Exempt MAP for April because she was eligible for the Exempt MAP on the first of the month, and Nonexempt MAP for May and all subsequent months because she did not receive SDI benefits in those months.

.33 Handbook Section 89-110.33(MR) shall become inoperative and Handbook Section 89-110.33(QR) shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Calculating the Grant

(QR) Determining MAP Status for Recipients

Handbook Section 89-110.33(MR) Example 14 shall become inoperative and Handbook Section 89-110.33(QR) Example 14 shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 14 – Transition to Retrospective - Budgeting Continuous Status

(MR) Aid is effective July 12 for an AU consisting of a father and his child. The father reports that he is receiving TDI at application but it is expected to end on October 5; he is not expected to get any of the other benefits specified in Section 89-110.22. The CWD uses the exempt status for the prospectively budgeted months of July and August. The father confirms that his TDI ended in October. The exempt MAP status will be used for the corresponding budgeted months for November and December. The CWD will begin to use the nonexempt MAP for the January grant payment.

(QR) Example 14 – Determining Status for Recipients

(QR) An existing AU is in an October/November/December quarter. On the November QR 7, the recipient reported the receipt of SDI in the Data Month. The county ~~agrees with~~ verifies the recipient's QR 7 information and uses the Exempt MAP status to determine financial eligibility and cash aid for the next QR Payment Quarter.

Handbook Section 89-110.33(MR) Example 15 shall become inoperative and Handbook Section 89-110.33(QR) Example 15 shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 15 – Late Discovery Due to Client's Failure to Timely Report

(MR) The AU consists of a parent and his child. The father starts receiving SDI in June but does not report the income to the CWD until November. The father provides verification of this income in November and requests review of his status. The first month of Exempt status is November, since MPP Section 89-110.271 provides that the status change shall not be effective for any months prior to a request for review when the status change results from a request for review. Because the AU is already in retrospective budgeting, the CWD provides the AU with the appropriate notice of action and begins to use the Exempt MAP for January, the payment month that corresponds to the budget month that reflects the father's new status.

(QR) Example 15 – Late Discovery Due to Client’s Failure to Timely Report

(QR) The AU consists of a parent and his child. The AU is in an April/ May/June quarter. The father starts receiving SDI in May but does not report the information on the QR 7. On July 2, the father voluntarily requests mid-quarter review of his status and provides the appropriate verification of his exempt status. The first month the Exempt MAP status is effective is August. Section 89-110.271 provides that the MAP status change shall not be effective for any months prior to a request for review when the status change results from a request for review and Section 89-110.292(QR) provides that increases to aid due to a recipient mid-quarter voluntary report are not effective until the first of the month following the report.

Handbook Section 89-110.33(MR) Example 16 shall become inoperative and Handbook Section 89-110.33(QR) Example 16 shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director’s QR/PB Declaration.

(MR) Example 16 – Late Discovery Due to Administrative Error

(MR) The AU consists of a parent and her child. The AU is in retrospective budgeting. The parent begins receiving TWC on May 6; she reports the income and provides verification on the Monthly Report for May. The CWD did not begin using the income or the appropriate Exempt MAP for the August payment month due to administrative error. In November, the CWD conducts an annual redetermination and discovers the error. At that time, the parent requests review of the AU status. The change in the AU’s status should have been known to the CWD based on the timely submitted monthly eligibility report (CW 7), rather than solely on the parent’s request for review. The CWD acts to process the case based on the actual report of income and to recompute the grant for overpayment or underpayment purposes. The CWD provides the AU with the appropriate notice of action and begins to use the Exempt MAP for August, the payment month that corresponds to the budget month that reflects the status change.

(QR) Example 16 – Late Discovery Due to Administrative Error

(QR) The AU consists of a mother and her child. The AU is in an April/May/June quarter. The mother’s SDI benefits end on May 11 and the mother no longer qualifies for the Exempt MAP status. The AU reports the information correctly on their May QR 7 due in June. However, the county incorrectly processes the QR 7 and continues to use the Exempt MAP status for the July/August/September quarter. In July, the county discovers the error. Since the effective date of the MAP status change for the QR Payment Quarter was July 1, the county shall take mid-quarter action to correct the error. The county shall recompute eligibility and cash aid for the entire QR Payment Quarter using the nonexempt status. The county shall recompute aid for the remaining months of the quarter and shall make an overpayment or underpayment determination for the month of July.

Handbook Section 89-110.33(MR) Example 17 shall become inoperative and Handbook Section 89-110.33(QR) Example 17 shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 17 – Initial Application – Prospective Budgeting – Change to Exempt

(MR) An initial application is made June 10 for an AU consisting of a parent and his child. June and July are the AU's prospectively budgeted months. On June 14 the parent begins receiving TWC. The applicant reports timely and provides proof of the income to the CWD. The CWD provides the AU with the appropriate notice of action and shall use the Exempt MAP for the June payment month.

(QR) Example 17 – Mid-Quarter Status Review Request

(QR) An existing AU, a father and his child, is in an April/May/June quarter. Eligibility and cash aid for this quarter has been determined using the February QR 7 information. On May 15, the recipient voluntarily reports mid-quarter that they began receiving SDI in lieu of their full time job on May 7. The recipient provides the necessary verification within 10 days of the report. The county determines that this voluntary mid-quarter report will increase cash aid (see Section 44-316.31(QR)). The county changes the recipient's MAP status for the AU from Nonexempt MAP to Exempt MAP beginning in June and will continue to use the status until the AU reports a status change on either the QR 7 or a mid-quarter report.

Handbook Section 89-110.33(MR) Example 18 shall become inoperative and Handbook Section 89-110.33(QR) Example 18 shall become operative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 18 – Determining the Month of Change When The Family Is In Retrospective Budgeting

(MR) A family with a nonneedy caretaker relative gets Exempt MAP. The father joins the AU in mid-November. He does not receive one of the benefits specified in Section 89-110.22 or meet any other criterion to receive an exemption. The AU is in retrospective budgeting. The AU's Exempt status ends on November 30. However, since the father joined the AU in November, after the first of the month, the AU is entitled to the Exempt MAP for December and January, based on the AU's Exempt status for the budget months of October and November. The CWD will use the Nonexempt MAP for February, the payment month that corresponds to the budget month that reflects the status change (December). Except as specified in Section 89-110.283(MR) [regarding beginning date of aid and prospective budgeting], when the AU status changes between Exempt and Nonexempt, the CWD shall change the MAP effective for the payment that corresponds to the budget month that reflects the status change.

(QR) Example 18 – Mid-Quarter Voluntary Report to Add a Person

(QR) An AU of one, a pregnant woman only case, is in an October/November/December quarter. The AU has been receiving aid based on exempt MAP status in accordance with Section 89-110.213. On November 5, the mother voluntarily reports to the county, the birth of the child and requests aid for the child. When determining the eligibility to add the child December 1, the county determines that the potentially "new AU" (the existing AU and the added person) does not meet exempt MAP status. The county uses the Nonexempt MAP status to determine if the child is CalWORKs eligible and if the newborn's addition into the existing AU increases the grant. If the newborn increases cash aid for the existing AU, the Nonexempt MAP status shall be effective December 1 and will continue until a change in status is reported on either a QR 7 or a mid-quarter report.

(QR) If the newborn's addition into the AU would decrease cash aid, the Nonexempt MAP status shall be effective the first day of the next QR Payment Quarter and will continue until a change in status is reported on either a QR 7 or a mid-quarter report.

Handbook Sections 89-110.33(MR) Examples 19 through 24 shall become inoperative in a county on the date that QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 19 – Transition from Application – Retrospective Budgeting

(MR) An initial application is made July 12 for an AU consisting of a parent and her children. The parent receives TWC at application. July and August are the prospectively budgeted months. September and October are the corresponding two retrospectively budgeted months. The TWC ends in September. The CWD uses the Exempt MAP for July, August, and September and the Nonexempt MAP for October, corresponding to the actual AU status existing in each of these months as specified in Section 89-110.283(MR). Exempt MAP is used for November (because the AU received Exempt MAP in September) and Nonexempt MAP for December (because the AU had Nonexempt MAP in October). Additionally, Nonexempt MAP is used for all months after December, corresponding to the AU status in the budget month as specified in Section 89-110.29(MR).

(MR) Example 20 – Timely Discovery – Nonexempt to Exempt

(MR) The AU consists of a father and his son and the AU is getting the Nonexempt MAP. The AU is in retrospective budgeting. The father reports and verifies that he started getting SSI/SSP on November 15 on the Monthly Report for November. The Nonexempt MAP continues for December and January based on the Nonexempt status for the months of October and November. The father's status change becomes effective December 1. The CWD provides the AU with the appropriate notice of action and begins to use the Exempt MAP for February, the payment month that corresponds to the budget month that reflects the status change.

(MR) Example 21 - CalWORKs Welfare to Work (WTW) Sanction – Nonexempt to Exempt

(MR) The AU consists of one parent and two aided children. The AU receives Nonexempt MAP. The AU is in retrospective budgeting. On January 1, the parent started a six-month sanction period for non-cooperation with the CalWORKs WTW requirements. On the Monthly Report for February, the parent reported and verified that he started to receive SDI on February 15. The change in the AU's status from Nonexempt to Exempt MAP is effective March 1. The parent's WTW sanction has no impact on Exempt/Nonexempt MAP status. Therefore, since the AU was already using retrospective budgeting, the Nonexempt MAP continues for March and April based on the Nonexempt status in January and February. The CWD provides the AU with the appropriate notice of action and begins to use the Exempt MAP for May, the payment month that corresponds to the budget month that reflects the status change.

(MR) Example 22 - Add A Person – Nonexempt to Exempt

(MR) An existing AU consists of a parent and her child. The parent does not meet any exemption criterion specified in Section 89-110.2 and the CWD is using the Nonexempt MAP. The AU is in retrospective budgeting. On June 10, that parent (mother) reports and verifies receipt of SSI/SSP. On June 12, the second parent joins the home. The second parent receives TDI benefits and is added to the AU effective June 12 using the current Nonexempt MAP. Since each parent meets the exemption criterion, the CWD provides the AU with the appropriate notice of action and begins to use the Exempt MAP for September, the payment month that corresponds to the budget month (July) that reflects the status change.

(MR) Example 23 – Add A Person – Exempt to Nonexempt

(MR) The AU consists of a grandmother and her two aided grandchildren. The grandmother receives TWC. The mother and father, who are unemployed, move back into the home in March. Neither parent receives one of the benefits specified in Section 89-110.22 or meets any other criterion to receive an exemption. Since the AU was already using retrospective budgeting, the Exempt MAP continues for April and May based on the Exempt status for February and March. The CWD provides the AU with the appropriate notice of action and begins to use the Nonexempt MAP in June, the payment month that corresponds to the budget month (April) that reflects the status change.

(MR) Example 24 – Delete A Person – Exempt to Nonexempt

(MR) A family consists of two parents and their child with deprivation based on incapacitated parent. One parent receives SSI/SSP and is not in the AU; the second parent, who is in the AU, receives SDI. The AU is in retrospective budgeting and the CWD is using the Exempt MAP. In June, the parent who receives SSI/SSP leaves the home and the second parent's SDI ends. The needs and income of the parent who left are not used for July and continuing. However, since the AU was already using retrospective budgeting, the Exempt MAP continues for July and August based on the Exempt status for May and June. The CWD provides the AU with the appropriate notice of action and begins to use the Nonexempt MAP for September, the payment month that corresponds to the budget month (July) that reflects the status change.

HANDBOOK ENDS HERE

Authority Cited: Sections 10553, 10554, 11209, and 11450(g), Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11265.1, 11265.2, 11265.3, 11450.01, 11450.015, 11450.03, and 11450.5, Welfare and Institutions Code; Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992; and Memorandum of Decision and Order in Green v. Anderson, (Civ. S-92-2118) dated January 28, 1993; and Letters from the Department of Health and Human Services, Administration for Children and Families, dated February 29, 1996, March 11, 1996, and March 12, 1996.

Amend Section 89-130 to read:

89-130 RESTRICTED ACCOUNTS FOR RECIPIENTS (Continued) 89-130

(l) Applying the Period Ineligibility Section 89-130(l)(MR) shall become inoperative and Section 89-130(l)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the county determines that a period of ineligibility is applicable, the period of ineligibility shall begin on the first day of the month following the nonqualifying withdrawal.

(QR) When the county determines that a period of ineligibility is applicable, the period of ineligibility shall begin on the first day of the month of the next QR Payment Quarter following the reported nonqualifying withdrawal on the QR 7 and continue for the determined number of months.

(1) Section 89-130(l)(1)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) One Month of Ineligibility When ineligibility exists for only one month, the county shall suspend aid on the first day of the month following the nonqualifying withdrawal.

HANDBOOK BEGINS HERE

(m) Examples

(1) Example 1: Handbook Section 89-130(m)(1)(MR) et seq. shall become inoperative and Handbook Section 89-130(m)(1)(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)

Bank balance prior to 5/96 withdrawal: \$5,000
Amount withdrawn from account: \$4,500
Amount used to purchase home: \$3,000
Amount used to buy furniture: \$1,500

(A)

Since the AU used a portion of the withdrawal on a nonallowable expenditure, the county shall calculate a period of ineligibility as follows:

1. \$5,000 balance prior to withdrawal
-3,000 allowable expense for purchase of home
\$2,000 remainder
2. Divide the remainder (\$2,000) by MBSAC + special needs for an AU of 3
(\$2,000 divided by \$715 = 2.79)
3. Round down the result to the nearest whole number (2).
4. The AU is ineligible for two months beginning 6/96 due to a nonqualifying withdrawal.

(QR)

An AU of Three is in a April/May/June Quarter.

Bank balance prior to May withdrawal: \$5,000
Amount withdrawn from account: \$4,500
Amount used to purchase home: \$3,000
Amount used to buy furniture: \$1,500

(A)

Since the AU used a portion of the withdrawal on a nonallowable expenditure, the county shall calculate a period of ineligibility as follows:

1. \$5,000 balance prior to withdrawal
-3,000 allowable expense for purchase of home
\$2,000 remainder
2. Divide the remainder (\$2,000) by MBSAC + special needs for an AU of three
(\$2,000 divided by \$891 = 2.24 months)
3. Round down the result to the nearest whole number (two months).

4. The AU is ineligible for two months. The AU shall be discontinued at the end of June. The AU can reapply for aid on September 1.

(MR) (2) Example 2:

Handbook Section 89-130(m)(2)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

An AU of three has the following property:

\$ 100	checking account
+1000	restricted account
<u>+ 800</u>	savings account
\$ 1900	Total

(A) The AU wants to buy new furniture and withdraws all of their funds from their accounts, including the restricted account, to pay for the purchases in 5/96. The county determines that the AU made a nonqualifying withdrawal.

(B) Although the AU's total property reserve prior to the nonqualifying withdrawal is under the \$2,000 property limit, the county will calculate a period of ineligibility as follows:

1.	Balance prior to nonqualifying withdrawal in 5/96	\$1000
2.	Divide by MBSAC for 3 (\$715)	
3.	Result	1.3
4.	Round down to nearest whole number for number of months of ineligibility	1

(C) Since the period of ineligibility is only for one month, aid for 6/96 will be suspended rather than discontinued. As the AU members will retain their recipient status, the higher property limits will continue to apply.

HANDBOOK ENDS HERE

Authority Cited: Sections 10553, 10554, 10604, and 11155.2 (Ch. 270, Stats. 1997), Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11155, 11155.2 (Ch. 270, Stats. 1997), 11265.1, and 11265.2, Welfare and Institutions Code; 45 CFR 233.20(a)(3)(i)(B); and the Federal Terms and Conditions for the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services on March 9, 1994.

Amend Section 89-201 to read:

89-201 MINOR PARENT REQUIREMENT (Continued) 89-201

.5 Senior Parent Income (Continued)

- .51 Senior Parent/Minor Parent parent(s), Eligibility and Grant Amount When considering income of the senior parent(s), pursuant to Sections 44-133.5, 44-207 and 44-315, and that income does not result in ineligibility of the minor and his/her child(ren), and: (Continued)
- .513 Grant Amount The income of the senior parent(s) shall be considered and the actual grant amount calculated pursuant to Section 44-315.3.

HANDBOOK BEGINS HERE

- (a) Handbook Section 89-201.513(a)(MR) shall become inoperative and Handbook Section 89-201.513(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) Example: Eligible Minor Parent in own AU The persons residing together are the senior parent, her minor daughter (minor parent) and her minor daughter's child. The senior parent is not in the AU. The senior parent earns \$1,025 per month. The minor parent has no income. The family resides in Region 1 and is nonexempt.

The eligibility/grant computation is as follows:

\$1,025	Gross Family Earned Income
<u>- 225</u>	Income Disregard
\$ 800	
<u>- 400</u>	50% Earned Income Disregard
\$ 400	Net Nonexempt Income
\$ 679	MAP for an AU of 3
<u>- 400</u>	Total Net Nonexempt Income
\$ 279	Potential Grant

\$ 548 MAP for an AU of 2

\$ 279 Actual Grant Amount (lesser of potential grant or AU MAP)

(QR) Example:
 Eligible Minor
 Parent in own AU

The persons residing together are the senior parent, her minor daughter (minor parent) and her minor daughter's child. The senior parent is not in the AU. The senior parent earns \$1,025 per month. The minor parent has no income. The family resides in Region 1 and is nonexempt.

The eligibility/grant computation is as follows:

\$1,025	Reasonably Anticipated Family Earned Income
<u>- 225</u>	Income Disregard
\$ 800	
<u>- 400</u>	50% Earned Income Disregard
\$ 400	Average Net Nonexempt Income
\$ 704	MAP for an AU of Three
<u>- 400</u>	Total Averaged Net Nonexempt Income
\$ 304	Potential Grant
\$ 568	MAP for an AU of Two
\$ 304	Actual Grant Amount (lesser of potential grant or AU MAP)

(b) Handbook Section 89-201.513(b)(MR) shall become inoperative and Handbook Section 89-201.513(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example:
 Eligible Minor
 Parent in AU
 of Senior Parent(s)

Minor parent lives with both her parents. The senior parents are in the AU with the minor parent and the minor's child. One senior parent earns \$900 per month. The other senior parent earns \$400 per month and receives \$125 in State Disability Insurance benefits. The minor parent has no income. The AU is nonexempt and resides in Region 1.

The eligibility/grant computation is as follows:

\$ 125	Disability-Based Unearned Income
<u>- 225</u>	Income Disregard
- \$ 100	Net Nonexempt Disability-Based Income
\$1,300	Gross Family Earned Income
<u>- 100</u>	Remainder of \$225 Disregard
\$1,200	
<u>- 600</u>	50% Earned Income Disregard
\$ 600	Net Nonexempt Earned Income
<u>+ 0</u>	Other Nonexempt Unearned Income
\$ 600	Total Net Nonexempt Income
\$ 809	MAP for an AU of 4
<u>- 600</u>	Net Nonexempt Income
\$ 209	Grant Amount

(QR) Example:
 Eligible Minor
 Parent in AU
 of Senior Parent(s)

Minor parent lives with both her parents. The senior parents are in the AU with the minor parent and the minor's child. One senior parent earns \$900 per month. The other senior parent earns \$400 per month and receives \$125 in State Disability Insurance benefits. The minor parent has no income. The AU is nonexempt and resides in Region 1.

The eligibility/grant computation is as follows:

\$ 125	Reasonably Anticipated Monthly Disability-Based Unearned Income
<u>- 225</u>	Income Disregard
- \$ 100	Net Nonexempt Disability-Based Income

\$1,300	Reasonably Anticipated Monthly Family Earned Income
<u>- 100</u>	Remainder of \$225 Disregard
\$1,200	
<u>- 600</u>	50% Earned Income Disregard
\$ 600	Averaged Net Nonexempt Earned Income
<u>+ 0</u>	Other Nonexempt Unearned Income
\$ 600	Total Net Nonexempt Income
\$ 839	MAP for an AU of Four
<u>- 600</u>	Net Nonexempt Income
\$ 239	Grant Amount

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11008.14, 11254 (Ch. 1022, Stats. 2002), 11451.5, and 16506(d), Welfare and Institutions Code and 42 USCA 608(a)(5).